

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 [CSDD 4CT Post ITM on 22-23.1.2024 (final)]

24-01-2024 at 20h39

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Formula				
1	2022/0051 (COD)	2022/0051 (COD)	2022/0051 (COD)	2022/0051 (COD) Text Origin: Commission Proposal
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)	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 <u>and Regulation (EU) 2023/2859</u> (Text with EEA relevance) Text Origin: Commission Proposal
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,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

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Citation 1				
6	4 Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50(1) and (2)(g) and Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50(1) and (2)(g) and Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50(1) and (2)(g) (2), point (g) , and Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50(1) and (2)(g) (2), point (g) , and Article 114 thereof, Text Origin: Council Mandate
Citation 2				
6	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,	Having regard to the proposal from the European Commission, Text Origin: Commission Proposal
Citation 3				
6	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,	After transmission of the draft legislative act to the national parliaments, Text Origin: Commission Proposal
Citation 4				
6	7 Having regard to the opinion of the European Economic and Social Committee ¹ ,	Having regard to the opinion of the European Economic and Social Committee ¹ ,	Having regard to the opinion of the European Economic and Social Committee ¹ ,	Having regard to the opinion of the European Economic and Social Committee ¹ ,

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	1. OJ C , , p. .	1. OJ C , , p. .	1. OJ C , , p. .	1. OJ C , , p. . Text Origin: Council Mandate
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,	Acting in accordance with the ordinary legislative procedure, Text Origin: Commission Proposal
Formula				
9	Whereas:	Whereas:	Whereas:	Whereas: Text Origin: Commission Proposal
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	(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 <u>and in Article 2 of the Treaty on the European Union.</u> —Those core values that have inspired the Union's own creation, as well as the universality and indivisibility of human <u>and environmental</u> rights, and respect for the principles of the United Nations Charter and international	(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	(1) <u>As stated in Article 2 of the Treaty on the European Union,</u> the Union is founded on the <u>values of</u> 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,

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	includes fostering the sustainable economic, social and environmental development of developing countries.	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.	includes fostering the sustainable economic, social and environmental development of developing countries.	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	<p>(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 Deal¹. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.</p> <p>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).</p>	<p>(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 Deal¹. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies. <u>Article 191 of the Treaty 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.</u></p>	<p>(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 Deal¹. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.</p> <p>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).</p>	<p>(2) <u>In line with Article 191 of the Treaty on the Functioning of the European Union (TFEU)</u>, 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 Deal¹. These objectives require the involvement not only of the public authorities but also of private actors, in particular companies.</p> <p>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).</p>

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		<p>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).</p>		
Recital 3				
12	<p>(3) In its Communication on a Strong Social Europe for Just Transition¹, 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 work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide².</p> <p>_____</p> <p>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).</p> <p>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.</p>	<p>(3) In its Communication on a Strong Social Europe for Just Transition¹, the Commission committed to upgrading Europe’s social market economy to achieve a just transition to sustainability, <u>ensuring that no-one is left behind</u>. This Directive will also contribute to the European Pillar of Social Rights, which promotes rights ensuring fair working conditions. It <u>will also create greater visibility for, and ownership of, the Pillar among companies, whose involvement is essential for its effective implementation</u>. It forms part of the EU policies and strategies relating to the promotion of <u>fair and</u> decent work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide².</p> <p>_____</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A</p>	<p>(3) In its Communication on a Strong Social Europe for Just Transition¹, 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 work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide².</p> <p>_____</p> <p>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).</p> <p>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.</p>	<p>(3) In its Communication on a Strong Social Europe for Just Transition¹, the Commission committed to upgrading Europe’s social market economy to achieve a just transition to sustainability, <u>ensuring that no-one is left behind</u>. 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 work worldwide, including in global value chains, as referred to in the Commission Communication on decent work worldwide².</p> <p>_____</p> <p>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).</p> <p>2. Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on decent work worldwide for a</p>

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		<p>Strong Social Europe for Just Transitions (COM/2020/14 final).</p> <p>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.</p>		<p>global just transition and a sustainable recovery, COM(2022) 66 final.</p>
Recital 4				
13	<p>(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 enterprises which support value-oriented transformation already exist on Union¹, as well as national² level.</p> <p>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</p>	<p>(4) The behaviour of companies across all sectors of the economy is key to success in the Union’s sustainability objectives as <i>many</i> 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 enterprises which support value-oriented transformation already exist on Union¹, as well as national² level, <i>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</i></p>	<p>(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 enterprises which support value-oriented transformation already exist on Union¹, as well as national² level.</p> <p>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</p>	<p>(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 enterprises which support value-oriented transformation already exist on Union¹, as well as national² level.</p> <p>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</p> <p><i>Text Origin: Commission Proposal</i></p>

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		<p><u><i>approach to global value chains, given the importance of companies as a pillar in the construction of a sustainable society and economy.</i></u></p> <p>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</p>		
Recital 5				
14	<p>(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 Rights¹ 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</p>	<p>(5) <u><i>Well-established</i></u> existing international standards on responsible business conduct <u><i>such as the United Nations Guiding Principles on Business and Human Rights¹ and the OECD Guidelines for Multinational Enterprises^{1a} clarified in the OECD Due Diligence Guidance for Responsible Business Conduct^{1b}</i></u> specify that companies should protect human rights and set out how they should <u><i>respect and</i></u> address the protection of the environment across their operations and value chains. The United Nations Guiding Principles on Business and Human Rights¹ recognise the responsibility of companies to exercise human rights due diligence by identifying, preventing and mitigating the adverse impacts of their operations</p>	<p>(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 Rights¹ 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</p>	<p>(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 Rights¹ 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</p>

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	<p>their direct and indirect business relationships.</p> <p>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.</p>	<p>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.</p> <p>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. <u>1a. OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at</u> <u>http://mneguidelines.oecd.org/guidelines/h</u> <u>tps://mneguidelines.oecd.org/mneguidelines/</u> <u>1b. OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at</u> <u>https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm</u>.</p>	<p>their direct and indirect business relationships.</p> <p>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.</p>	<p>their direct and indirect business relationships.</p> <p>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.</p> <p><u>Text Origin: Commission Proposal</u></p>
Recital 6				
6	15	<p>(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises¹ which extended the application of due diligence to</p>	<p>(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises¹ which extended the application of due diligence to</p>	<p>(6) The concept of human rights due diligence was specified and further developed in the OECD Guidelines for Multinational Enterprises¹ which extended the application of due diligence to</p>

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	<p>environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance² 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</p> <p>1. OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/ https://mneguidelines.oecd.org/mneguidelines/</p> <p>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.</p> <p>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.</p>	<p>environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance² 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. <u>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.</u></p> <p>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^{1 3}.</p> <p>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.org/empent/Publications/WCMS_094386/lang--en/index.htm. https://mneguidelines.oecd.org/guidelines/or g/empent/Publications/WCMS_094386/lang--en/index.htm https://mneguidelines.oecd.org/mneguidelines/</p>	<p>environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance² 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, valuesupply 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</p> <p>1. OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/ https://mneguidelines.oecd.org/mneguidelines/</p> <p>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.</p> <p>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.</p>	<p>environmental and governance topics. The OECD Guidance on Responsible Business Conduct and sectoral guidance² 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, valuesupply 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</p> <p>1. OECD Guidelines for Multinational Enterprises, 2011 updated edition, available at http://mneguidelines.oecd.org/guidelines/ https://mneguidelines.oecd.org/mneguidelines/</p> <p>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.</p> <p>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.</p>

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		<p>2. OECD Guidance on Responsible Business Conduct, 2018, and sector-specific guidance, available at https://www.oecd.org/investment/duediligence-guidance-for-responsible-business-conduct.htm.</p> <p>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.</p>		
Recital 6a				
6	15a	<p><u>(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 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.</u></p>		<p><u>(6a) All businesses have a responsibility to respect human rights, which are universal, indivisible, interdependent and interrelated</u></p>
Recital 7				
6	16	<p>(7) The United Nations' Sustainable Development Goals¹, adopted by all United Nations</p>	<p>(7) The United Nations' Sustainable Development Goals¹, adopted by all United Nations</p>	<p>(7) The United Nations' Sustainable Development Goals¹, adopted by all United Nations</p>

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	<p>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.</p> <p>1. https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.</p>	<p>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. <u><i>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.</i></u></p> <p>1. https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.</p>	<p>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.</p> <p>1. https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.</p>	<p>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.</p> <p>1. https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.</p> <p><u>Text Origin: Commission Proposal</u></p>
Recital 7a				
16a				<p><u><i>(7a) Global value chains, and in particular critical raw materials value chains, are impacted by detrimental effects of natural or man-made hazards. The frequency and impact of shocks involving risks to critical value chains are likely to increase in the future. The private sector could play an important role in promoting</i></u></p>

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				<p><i><u>sustained, inclusive and sustainable economic growth, while avoiding the creation of imbalances on the internal market, underlining the importance of strengthening the resilience of companies to adverse scenarios related to their value chains, taking into account externalities as well as social, environmental and governance risks.</u></i></p>
Recital 8				
17	<p>(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 Agreement¹ and the recent Glasgow Climate Pact², 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.</p> <p>_____</p> <p>1. https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf.</p> <p>2. Glasgow Climate Pact, adopted on 13 November 2021 at COP26 in Glasgow, https://unfccc.int/sites/default/files/resource/</p>	<p>(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 Agreement¹ and the recent Glasgow Climate Pact², 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 <i><u>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</u></i></p>	<p>(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 Pact², 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.</p> <p>_____</p> <p>1. OJ L 282, 19.10.2016, p. 4. https://unfccc.int/files/essential_background</p>	<p>(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 <i><u>under the United Nations Framework Convention on Climate Change adopted on 12 December 2015 (the ‘Paris Agreement’)</u></i>¹ and the recent Glasgow Climate Pact², 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 <i><u>also</u></i> considered central to achieve these objectives.</p> <p>_____</p>

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	<p>cma2021_L16_adv.pdf.https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.</p>	<p><u><i>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</i></u> ^{2a}.</p> <hr/> <p>1. https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf.</p> <p>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.</p> <p><u><i>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.</i></u></p>	<p>/convention/application/pdf/english_paris_agreement.pdf-</p> <p>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.</p>	<p>1. https://unfccc OJ L 282, 19.10.2016, p.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf 4.</p> <p>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.</p>
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	(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	(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	(9) In <u><i>Regulation (EU) 2021/1119</i></u> of the European Climate Law <u><i>Parliament and of the Council</i></u> ¹ , the Union also legally committed to becoming climate-neutral by 2050 and to reducing

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	<p>way in which companies produce and procure. The Commission’s 2030 Climate Target Plan² 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 objectives in their actions and strategies.” The 2019 Communication on the European Green Deal³ 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.</p> <p>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).</p> <p>2. SWD/2020/176 final.</p> <p>3. COM/2019/640 final.</p>	<p>way in which companies produce and procure. The Commission’s 2030 Climate Target Plan² 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 objectives in their actions and strategies.” The <u>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.</u> The 2019 Communication on the European Green Deal³ 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 <u>in</u></p>	<p>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 Plan² 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 objectives in their actions and strategies.” The 2019 Communication on the European Green Deal³ 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.</p> <p>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).</p> <p>2. SWD/2020/176 final.</p>	<p>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 Plan² 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 objectives in their actions and strategies.” The 2019 Communication on the European Green Deal³ 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.</p> <p><u>The General Union Environmental Action Programme to 2030⁴ (‘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</u></p>

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		<p><u><i>which no one is left behind</i></u>. It also sets out that sustainability should be further embedded into the corporate governance framework.</p> <p>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).</p> <p>2. SWD/2020/176 final.</p> <p><u><i>2a. General Union Environment Action Programme to 2030.</i></u></p> <p>3. COM/2019/640 final.</p>	3. COM/2019/640 final.	<p><u><i>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.</i></u></p> <p>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).</p> <p>2. SWD/2020/176 final.</p> <p>3. COM/2019/640 final.</p> <p><u><i>4. General Union Environment Action Programme to 2030.</i></u></p>
Recital 10				
19	<p>(10) According to the Commission Communication on forging a climate-resilient Europe¹ 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,</p>	<p>(10) According to the Commission Communication on forging a climate-resilient Europe¹ 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,</p>	<p>(10) According to the Commission Communication on forging a climate-resilient Europe¹ 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,</p>	<p>(10) According to the Commission Communication on forging a climate-resilient Europe¹ 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,</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p> <p>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. [...].</p>	<p>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.</p> <p>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. [...].</p>	<p>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.</p> <p>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. [...].</p>	<p>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.</p> <p>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. [...].</p> <p><u>Text Origin: Commission Proposal</u></p>
Recital 11				
20	<p>(11) The Action Plan on a Circular Economy¹, the Biodiversity strategy², the Farm to Fork strategy³ and the Chemicals strategy⁴ and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery⁵, Industry 5.0⁶ and the European Pillar of Social Rights Action Plan⁷ and the 2021 Trade Policy Review⁸ list an initiative on sustainable corporate governance among their elements.</p>	<p>(11) The Action Plan on a Circular Economy¹, the Biodiversity strategy², the Farm to Fork strategy³ and the Chemicals strategy⁴, <u>the 2021 EU Action Plan Towards Zero Pollution for Air, Water and Soil</u> and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery⁵, Industry 5.0⁶ and the European Pillar of Social Rights Action Plan⁷ and the 2021 Trade</p>	<p>(11) The Action Plan on a Circular Economy¹, the Biodiversity strategy², the Farm to Fork strategy³ and the Chemicals strategy⁴ and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery⁵, Industry 5.0⁶ and the European Pillar of Social Rights Action Plan⁷ and the 2021 Trade Policy Review⁸ list an initiative on sustainable corporate governance among their elements.</p>	<p>(11) The Action Plan on a Circular Economy¹, the Biodiversity strategy², the Farm to Fork strategy³ and the Chemicals strategy⁴, <u>the 2021 EU Action Plan Towards Zero Pollution for Air, Water and Soil</u>, and Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery⁵, Industry 5.0⁶ and the European Pillar of Social Rights Action Plan⁷ and the 2021 Trade Policy Review⁸ list an initiative on</p>

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	<p>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).</p> <p>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).</p> <p>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).</p> <p>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).</p> <p>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).</p> <p>6. Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en</p> <p>7. https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/</p> <p>8. Communication from the Commission to the European Parliament, the Council, the</p>	<p>Policy Review⁸ list an initiative on sustainable corporate governance among their elements. <u>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 negative impacts.</u></p> <p>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).</p> <p>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).</p> <p>3. 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).</p> <p>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).</p> <p>6. Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en</p> <p>7. https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/</p> <p>8. Communication from the Commission to the European Parliament, the Council, the</p>	<p>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).</p> <p>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).</p> <p>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).</p> <p>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).</p> <p>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).</p> <p>6. Industry 5.0; https://ec.europa.eu/info/research-and-innovation/research-area/industrial-research-and-innovation/industry-50_en</p> <p>7. https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/</p> <p>8. Communication from the Commission to the European Parliament, the Council, the</p>	<p>sustainable corporate governance among their elements. <u>Due diligence requirements under this Directive should contribute to the objectives of the EU Action Plan Towards Zero Pollution for Air, Water and Soil of creating a toxic-free environment and protecting the health and well-being of people, animals and ecosystems from environment-related risks and negative impacts.</u></p> <p>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).</p> <p>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).</p> <p>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).</p> <p>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).</p>

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	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).	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/ 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).	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).	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).
Recital 12				
6	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	(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	(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

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p> <p>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).</p>	<p>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 <u>Due Diligence Guidance for Responsible Business Conduct as the relevant guidelines</u>, including by advancing relevant due diligence standards.</p> <p>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).</p>	<p>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.</p> <p>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).</p>	<p>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.</p> <p>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).</p> <p>Text Origin: Commission Proposal</p>
Recital 13				
22	<p>(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 obligation¹. 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</p>	<p>(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 <u>obligations, with consequences including civil liability for those companies that cause or contribute to harm by failing to carry out due diligence</u>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</p>	<p>(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 obligation¹. 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</p>	<p>(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 <u>obligations, with consequences including civil liability for those companies that cause or jointly cause harm by failing to carry out due diligence</u>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</p>

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	<p>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 2022³, 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.</p> <p>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/pups/ficheprocedure.do?lang=en&reference=2020/2129(INL).</p> <p>2. Council Conclusions on Human Rights and Decent Work in Global Supply Chains, 1 December 2020 (13512/20).</p> <p>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.</p>	<p>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 2022³, 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.</p> <p>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/pups/ficheprocedure.do?lang=en&reference=2020/2129(INL).</p> <p>2. Council Conclusions on Human Rights and Decent Work in Global Supply Chains, 1 December 2020 (13512/20).</p> <p>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.</p>	<p>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 2022³, 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.</p> <p>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/pups/ficheprocedure.do?lang=en&reference=2020/2129(INL).</p> <p>2. Council Conclusions on Human Rights and Decent Work in Global Supply Chains, 1 December 2020 (13512/20).</p> <p>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.</p>	<p>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 2022³, 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.</p> <p>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/pups/ficheprocedure.do?lang=en&reference=2020/2129(INL).</p> <p>2. Council Conclusions on Human Rights and Decent Work in Global Supply Chains, 1 December 2020 (13512/20).</p> <p>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.</p> <p>Text Origin: EP Mandate</p>
Recital 14				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
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 <u>by respecting human rights and the environment</u> , through the identification, prevention and mitigation, bringing to an end <u>remediation</u> and minimisation, <u>and where necessary, prioritisation</u> , of potential or actual adverse human rights and environmental impacts connected with companies' own operations, subsidiaries and value chains, <u>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 respect and the duty to protect human rights and the environment under international law.</u>	(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 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.	(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, <u>and where necessary, prioritisation</u> , prevention and mitigation, bringing to an end and , minimisation <u>and remediation</u> of potential or actual adverse human rights and environmental impacts connected with companies' own operations, <u>operations of their</u> subsidiaries and value <u>their business partners in the companies' chains of activities, and ensuring that those affected by a failure to respect this duty have access to justice and legal remedies.</u> <u>This Directive is without prejudice to the responsibility of Member States to respect and protect human rights and the environment under international law.</u>
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	<u>(14a) This Directive is without prejudice to obligations in the areas of human, employment and social rights, protection of the environment and climate change under other Union legislative acts.</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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 Regulation²] or [the proposal for a Regulation on deforestation-free supply chains³].</p> <p>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, their ores, and gold originating from conflict-affected and high-risk areas (OJ L 130, 19.5.2017, p. 1).</p> <p>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).</p> <p>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</p>	<p><u><i>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, Regulation (EU) 2023/1542 of the European Parliament and of the Council (Batteries Regulation)² or Regulation (EU) 2023/1115 of the European Parliament and of the Council (Regulation on deforestation-free supply chains)³.</i></u></p> <p><u><i>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, their ores, and gold originating from conflict-affected and high-risk areas (OJ L 130, 19.5.2017, p. 1).</i></u></p> <p><u><i>2. Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC, (OJ L 191, 28.7.2023, p. 1).</i></u></p>

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			degradation and repealing Regulation (EU) No 995/2010 (COM(2021) 706 final).	3. Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010, (OJ L 150, 9.6.2023, p. 206).
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.	(14b) This Directive does not apply to pension institutions operating social security systems under applicable Union law. Where a Member State has chosen not to apply Directive (EU) 2016/2341 in whole or in parts to an institution for occupational retirement in accordance with Article 5 of that Directive, this Directive does not apply to those institutions.
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 business relationships throughout their value chains in accordance	(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 established direct and indirect business relationships throughout in	(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 business relationships partners throughout their value chains of	(15) Companies should take appropriate steps to set up and carry out due diligence measures, with respect to their own operations, those of their subsidiaries, as well as their established direct and indirect business relationships partners throughout their value

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p>	<p>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, <u>proportionate and commensurate to the degree of severity and the likelihood of the adverse impact and the size, resources, and capacities of the company</u>. 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.</p>	<p>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 relationshipspartners 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 chainbusiness operations and its chain of activities, sector or geographical area in which its value chainbusiness partners operate, the company’s power to influence its direct and indirect business relationshipspartners, and whether the company could increase its power of influence.</p>	<p>chains<u>chains of activities</u> 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<u>partners</u> 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<u>are capable of achieving the objectives of due diligence by effectively addressing adverse impacts, in a manner commensurate to the degree of severity and the likelihood</u> of the adverse impact. <u>Account should be taken of</u>under the circumstances of the specific case. Account should be taken, the nature and extent<u>of the adverse impact and relevant risk factors, including, in preventing and minimising adverse impacts, the specificities of the company’s value business operations and its chain of activities</u>, sector or geographical area in which its value</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				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				
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) <u>verifying, monitoring and</u> 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.	(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) <u>monitoring and</u> assessing the effectiveness of measures, (5) communicating, (6) providing remediation.
Recital 16a				
25a				

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			<p>(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 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</p>	<p><u><i>(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.</i></u></p> <p><u><i>The parent company 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, if this ensures effective compliance.</i></u></p> <p><u><i>This should be without prejudice to the subsidiaries being subject to the exercise of the supervisory authority's powers and to their civil liability under this Directive.</i></u></p> <p><u><i>When the parent company fulfils the obligations on combatting climate change on behalf of the subsidiary, the subsidiary should comply with those obligations in accordance with the parent company's climate change mitigation plan accordingly adapted to its business model and strategy.</i></u></p> <p><u><i>If the subsidiary does not fall under the scope of this Directive, since the subsidiary is not obliged to carry out due diligence, the</i></u></p>

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			<p>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 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.</p>	<p><u>parent company should cover operations of the subsidiary as part of its own due diligence obligations.</u></p> <p><u>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.</u></p> <p><u>Nevertheless, the subsidiaries would be responsible for fulfilling due diligence obligations under this Directive.</u></p>
Recital 16b				
6 25b			<p>(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</p>	<p><u>(16b) The fulfilment of some of the due diligence obligations at a group level should be without prejudice to the civil liability of subsidiaries under this</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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.</p>	<p><u>Directive 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.</u></p> <p>Text Origin: Council Mandate</p>
Recital 16c				
25c			<p>(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 Council¹.</p> <p>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).</p>	<p><u>(16c) Business partners should not be obliged to disclose to a company which is complying with the obligations resulting from this Directive, information that is a trade secret as defined in the Directive 2016/943/EU of the European Parliament and of the Council¹ without prejudice to the disclosure of the identity of direct and indirect business partners, or essential information needed to identify potential or actual adverse impacts, where necessary and duly justified for the company's compliance with due diligence obligations.</u></p> <p><u>This should be without prejudice to the possibility for the business partners to protect their trade</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>secrets through the mechanisms established in Directive (EU) 2016/943 of the European Parliament and of the Council. Business partners should never be obliged to disclose classified information or other information the disclosure of which would cause a risk to the essential interests of a state's security.</u></p> <p><u>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).</u></p>
Recital 17				
26	<p>(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 production and use and disposal of product or provision of services, at</p>	<p>(17) Adverse human rights, and environmental impact<u>impacts</u> occur in companies' own operations, subsidiaries, products, <u>services</u>, 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 production and use and disposal<u>sale and waste management</u> of product or provision of services, at the level</p>	<p>(17) Adverse human rights and environmental impact<u>impacts</u> might occur in companies' own operations, subsidiaries, products, and<u>operations of their subsidiaries, and their business partners</u> 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 adverse impacts generated throughout majority of the life</p>	<p>(17) Adverse human rights, and environmental impact<u>impacts might</u> occur in companies' own operations, <u>operations of their subsidiaries, products, and and their business partners</u> in their value chains <u>of activities</u>, 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 <u>the majority of</u> the life-cycle of production, <u>distribution,</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	the level of own operations, subsidiaries and in value chains.	of own operations, subsidiaries and in value chains.	<p>cyclethe 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 value chains of activities.</p>	<p><u>transport, storage</u> and use and disposal of <u>a</u> product or provision of services, at the level of <u>companies'</u> own operations, <u>operations of their</u> subsidiaries and <u>their business partners in their</u> in value chains <u>of activities</u>.</p> <p>Text Origin: Council Mandate</p>
Recital 17a				
26a		<p><u>(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.</u></p>		deleted

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Recital 18				
27	<p>(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.</p>	<p>(18) The value chain should cover activities related to the production, <u>distribution and sale</u> of a good or provision of services by a company, including the development of the product or the service and the use and disposal <u>waste management</u> of the product as well as the related activities of established business relationships of the company. It should encompass <u>upstream established direct and indirect</u> <u>the activities of a company's</u> business relationships that <u>related to the</u> design, extract <u>extraction</u>, manufacture, transport, store <u>storage</u> and supply <u>of</u> 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 <u>waste management</u>, transport and storage, <u>excluding the</u></p>	<p>(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</p>	<p>(18) The value chain <u>chain of activities</u> should cover activities <u>of a company's upstream business partners</u> related to the production of a good or goods or the provision of services by the company, including the <u>design, extraction, sourcing, manufacture, transport, storage and supply of raw materials, products or parts of the products and</u> development of the product or the service, <u>and activities of a company's downstream business partners related to the distribution, transport, storage and the use and disposal of the product, including the dismantling, recycling, composting or landfilling, where the business partners carry out those as well as the related activities of established business relationships directly or indirectly for the company or on behalf</u> of the company.</p> <p><u>This Directive</u> It should <u>not cover the disposal of the product by consumers. Also, under this Directive the chain of activities should not</u> encompass upstream established direct and indirect business relationships that design, extract, manufacture, transport,</p>

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		<p>waste management of the product, dismantling of the product, its recycling, composting or landfilling by individual consumers.</p>	<p>activities are carried out for the 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 Council¹ or the export control of weapons, munition or war material under national export controls, after the export of the product is authorised.</p> <p>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).</p>	<p>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 <u>the distribution, transport, storage and disposal of a product that is subject to export control of a Member State, meaning either the export control under the Regulation (EU) 2021/821 of the European Parliament and of the Council¹ or the export control of weapons, munition or war material under national export controls, after the export of the product is authorised. This Directive is complemented by these and other legislative acts, which also address negative adverse impacts in the field of human rights or environmental protection. In particular, Regulation (EU) 2021/821 of the European Parliament and of the Council sets up a regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items, covering inter alia software and technologies that can be used for cyber-surveillance</u></p>

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				<p><u>purposes. Under this regime, Member States should consider in particular the risk of such goods being used in connection with internal repression or the commission of serious violations of human rights and international humanitarian law. Also, Regulation (EU) 2019/125 of the European Parliament and the Council prohibits or regulates, as the case may be, export of goods such as chemical substances that are used or could be used for the purpose of capital punishment or for the purpose of torture and other cruel, inhuman or degrading treatment or punishment. Moreover, several other legislative initiatives aim at mitigating environmental impacts of products during their whole lifecycle, 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 by setting ecodesign requirements based on the sustainability and circularity aspects of products. Compliance with this Directive should facilitate compliance with the provisions and objectives of these other legislative acts, and with the terms and conditions of the applicable authorisations implemented</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>thereunder. Exporters should take into account the results of their due diligence findings under this Directive in their compliance with these other legislative acts. The term “chain of activities” as defined in this directive is without prejudice to the terms “value chain” or “supply chain” as defined in or within the meaning of other EU legislation.</u></p> <p><u>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).</u></p>
Recital 18a				
27a		<p><u>(18a) In some situations once products are sold or distributed by a business relationship, companies 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</u></p>		<p><u>Deleted</u></p>

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		<u>are reasonably foreseeable or when notified of significant impacts through the notification procedure.</u>		
Recital 18b				
27b		<u>(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.</u>		<u>Deleted</u>
Recital 19				
28	(19) As regards regulated financial undertakings providing loan, credit, 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	(19) As regards regulated financial undertakings providing loan, credit, or other financial services, “value chain” with respect to <u>financial services, linked to the conclusion of a contract within a value chain,</u> the provision of such services should be limited to <u>include</u> the activities of the clients receiving such services <u>directly receiving them,</u> and the subsidiaries thereof whose activities are linked to the contract in question. <u>In order to avoid an overlap of due diligence</u>	(19) As regards For regulated financial undertakings, the 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	(19) As regards regulated financial undertakings providing loan, credit, or other financial services, “value chain” with respect to the provision of such services should be limited <u>The definition of ‘chain of activities’ should not include the activities of a company’s downstream business partners related to the activities</u> services of the clients receiving such services, and the subsidiaries thereof whose activities are linked to the contract in question. Clients that are

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	<p>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.</p>	<p><u><i>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.</i></u> 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. <i>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.</i></p>	<p>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 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 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.</p>	<p><i>households and natural persons not acting in a professional or business capacity, as well as small and medium sized company. For regulated financial undertakings, the definition of the term ‘chain of activities’ should not include downstream business partners that are receiving their services and products. Therefore, as regards regulated financial 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 only the upstream but not the downstream part of their chain of that client should not be covered activities is covered by this Directive.</i></p>

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	Recital 19a			
28a		<u>(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.</u>		<i>deleted</i>
	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 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	<i>deleted</i>	<i>deleted</i>	<i>deleted</i>

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	established, then all linked indirect business relationships should also be considered as established regarding that company.			
<i>Recital 21</i>				
30	<p>(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, 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</p>	<p>(21) Under this Directive, EU companies with more than 500<u>250</u> employees on average and a worldwide net turnover exceeding EUR 150<u>40</u> 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 <u>companies which are the ultimate parent company of a group that had 500 employees and a net worldwide turnover of</u> more than EUR 40<u>150</u> million worldwide net turnover in the <u>last</u> financial year preceding the last<u>for which annual financial year and which operate in one or more high-impact sectors, statements have been prepared should be required to comply with</u> due diligence. <u>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</u></p>	<p>(21) Under this Directive, EU companies<u>companies established in the Union</u> with more than 500 employees on average and a worldwide net<u>worldwide</u> turnover exceeding EUR 150 million in the last financial year preceding the last<u>for which annual financial year statements have been or should have been adopted</u> 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<u>worldwide</u> turnover in the financial year preceding the last financial year 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<u>3</u> years after the end of the transposition period of this Directive, in order to provide for a longer adaptation</p>	<p>(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 <u>companies formed in accordance with the legislation of a Member State should be subject to due diligence requirements when they meet certain conditions, including turnover and, in certain cases, employee thresholds. While these conditions are expressed with regard to single financial years, this Directive should only apply if the company has met them for each of the last two consecutive financial years and should no longer apply where they cease to be met for each of</u> the last <u>two relevant</u></p>

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	<p>Directive 2018/957/EU of the European Parliament and of the Council¹, 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.</p> <p>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).</p>	<p><u><i>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</i></u>, including those posted under Article 1(3), point (c), of Directive 96/71/EC, as amended by Directive <u><i>2018/957/EU (EU) 2018/957</i></u> of the European Parliament and of the Council <u><i>1</i></u>⁴, 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.</p> <p>1. Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC</p>	<p>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 Council¹, as amended by Directive 2018/957/EU of the European Parliament and of the Council¹², 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.</p> <p>1. Directive (EU) 2018/957 96/71/EC of the 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).</p>	<p>financial year and which operate in one or more high-impact sectors, due diligence years. <u><i>This is also true for companies formed in accordance with the law of a third country which should apply 2 fulfil the relevant EU turnover criterion for each of the last two financial years after the end of the transposition period of this.</i></u> <u><i>For the sake of clarity, and taking the staggered application of the Directive into account, the scope criteria need to be fulfilled for two consecutive financial years by both EU and non-EU, 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 preceding the relevant application dates established according to the rules on the transposition of this Directive.</i></u></p> <p><u><i>As regards the employee thresholds, temporary agency workers, including those and workers</i></u> posted under Article 1(3), point (c), of Directive 96/71/EC <u><i>of the European Parliament and of the Council</i></u>¹, as amended by Directive 2018/957/EU of the</p>

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		<p>concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).</p>	<p>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).</p>	<p>European Parliament and of the Council[#], 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. <u>Other workers in non-standard forms of employment should also be included in the calculation of the number of employees insofar as they meet the criteria for determining the status of a worker established by the Court of Justice of the European Union. Seasonal workers should be included in the calculation of the number of employees proportionally to the number of months that they are employed for. The calculation of the thresholds should include the number of employees and the 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. This also applies for the group companies in case the thresholds are calculated on a consolidated basis.</u></p>

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				<p><u>Where this is not specified otherwise, the thresholds mentioned in order for a company to be covered by this directive should be understood as thresholds calculated on an individual basis.</u></p> <p><i>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).</i></p>
Recital 22				
31	<p>(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</p>	<p>(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 <u>Commission should develop sector-specific guidelines, including</u> 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, <u>wearing apparel,</u> leather and related products (including footwear), and the wholesale trade <u>and retail</u> of textiles, clothing and footwear; agriculture, forestry, fisheries (including aquaculture), the manufacture of food products,</p>	<p>(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;</p>	<p>(22) <u>Companies established in the Union with more than 500 employees on average and a net worldwide turnover exceeding EUR 150 million in the last financial year for which annual financial statements have been or should have been adopted, should be required to comply with due diligence. As regards companies which do not reach these thresholds but are the ultimate parent company of a corporate group which on a consolidated basis does reach these thresholds, the obligations of this Directive should be met by the ultimate parent company or, in case the latter has as its main activity the holding of shares in operational</u></p>

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	<p>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 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.</p>	<p><u>marketing and advertising of food and beverages</u>, and the wholesale trade of agricultural raw materials, live animals, <u>animal products</u>, wood, food, and beverages; <u>energy</u>, the extraction, <u>transport and handling</u> 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 <u>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,</u> <u>investment services and activities</u></p>	<p>the extraction 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). 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 Council¹. 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</p>	<p><u>subsidiaries, in its stead by the operational subsidiary closest in the chain of control to the ultimate parent company. If there is more than one such subsidiary, they should all meet the obligations of this Directive. Companies having entered into franchising or licensing agreements in the Union in return for royalties with independent third-party companies, where these agreements ensure a common identity, a common business concept and the application of uniform business methods, and where these royalties amount to more than EUR 7.5 million in the last financial year for which annual financial statements have been or should have been adopted, and provided that the company had a net worldwide turnover of more than EUR 40 million in the last financial year for which annual financial statements have been or should have been adopted should also meet the obligations.</u> 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. The same applies to ultimate parent companies of groups of companies that taken together fulfil these</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>and other financial services; and the production, provision and 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.</u></p>	<p>very large companies in the scope that are regulated financial undertakings, even if they do not have a legal form with limited liability.</p> <p>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).</p>	<p><u>conditions. As regards companies which do not fulfil any of the aforementioned criteria, but which had more than 250 employees on average and more than EUR 40 million worldwide net turnover in the last financial year for which annual financial statements have been or</u> should be based on existing sectoral-OECD <u>have been adopted and which operate in one or more of certain listed high-impact sectors,</u> due diligence guidance <u>should apply 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.</u></p> <p>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 <u>and beverages</u>, and the wholesale trade of agricultural raw materials, live animals, wood, food, and beverages; the extraction of mineral resources</p>

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				<p>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);</p> <p><u>construction. These sectors.</u> 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 <u>be understood as covering the related</u> 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 <u>of economic activities associated with the applicable statistical classification of economic activities established</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>by Regulation (EC) No 1893/2006 of the European Parliament and the Council¹. The Commission should develop sector-specific guidelines for these sectors.</u></p> <p><u>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).</u></p>
Recital 23				
32	<p>(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 million in the financial year preceding the last financial year in one or more of the high-impact</p>	<p>(23) In order to achieve fully the objectives of this Directive addressing human rights and <u>environmental</u> adverse environmental impacts with respect to companies' operations, <u>and those of its</u> 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 15040 million in the Union in the financial year preceding the last financial year or <u>companies which are the ultimate parent company of a group that had 500 employees and</u> a net</p>	<p>(23) In order to achieve fully the objectives of this Directive addressing human rights and adverse environmental impacts with respect to companies' operations, value operations of their subsidiaries and 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 last financial year, or a net turnover of more than EUR 40 million but less than EUR 150 million</p>	<p>(23) In order to achieve fully the objectives of this Directive addressing <u>adverse</u> human rights and adverse environmental impacts with respect to companies' operations, <u>operations of their subsidiaries and value their business partners in companies'</u> chains of <u>activities</u>, third-country companies with significant operations in the EU should also be covered.</p> <p>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. <u>As regards companies which</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>sectors, as of 2 years after the end of the transposition period of this Directive.</p>	<p><u>worldwide</u> turnover of more than <u>EUR 150 million and at least 40 million</u> but less than EUR 150 million <u>was generated in the Union</u> in the <u>last</u> financial year preceding the last <u>for which annual</u> 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 <u>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.</u></p>	<p>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.</p>	<p><u>do not reach these thresholds but are the ultimate parent company of a corporate group which on a consolidated basis does reach these thresholds, the obligations of this Directive should be met by the ultimate parent company, or, in case the latter has as its main activity the holding of shares in operational subsidiaries, in its stead by the operational subsidiary closest in the chain of control to the ultimate parent company. If there is more than one such subsidiary, they should all meet the obligations of this Directive. Companies having entered into franchising or licensing agreements in the Union in return for royalties with independent third-party companies, where these agreements ensure a common identity, a common business concept and the application of uniform business methods, and where these royalties amount to more than EUR 7.5 million in the Union in the financial year preceding the last financial year, and provided that the company had a net turnover of more than EUR 40 million in the Union in the financial year preceding the last financial year should also meet the obligations of this Directive. The same applies to ultimate parent companies of groups of companies</u></p>

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				<p><i>that taken together fulfil these conditions. As regards companies which do not fulfil any of the aforementioned criteria, but which generated or a net turnover of more than EUR 40 million but less than EUR 150 million <u>in the Union</u> in the financial year preceding the last financial year, <u>provided that at least EUR 20 million was generated</u> in one or more of <u>certain listed</u> the high-impact sectors, as of 2 <u>diligence should apply 3</u> years after the end of the transposition period of this Directive, <u>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.</u></i></p>
Recital 24				
33	<p>(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</p>	<p>(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</p>	<p>(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</p>	<p>(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</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>justify the application of Union law to third-country 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</p>	<p>justify the application of Union law to third-country 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</p>	<p>justify the application of Union law to third-country companies. To ensure identification of the relevant turnover of companies concerned, the methods for calculating net turnover for non-EUthird-country companies as laid down in Directive (EU) 2013/34 as amended by Directive (EU) 2021/2101of the European Parliament and of the Council¹ 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</p>	<p>justify the application of Union law to third-country companies. To ensure identification of the relevant turnover of companies concerned, the methods for calculating net turnover for non-EUthird-country companies as laid down in Directive (EU) 2013/34 as amended by Directive (EU) 2021/2101of the European Parliament and of the Council¹ 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</p>

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	<p>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 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.</p>	<p>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 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.</p>	<p>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 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.</p>	<p>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 under the scope of this Directive, this Directive should require that <u>the third-country company’s authorised representative or the company itself informs</u> 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. <u>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.</u></p> <p><u>1. Directive 2013/34/EU of the European Parliament and of the Council of 26 June</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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, 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).</p>	<p><u><i>2013 on the annual financial statements, consolidated financial statements and related reports of certain types of 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).</i></u></p>
Recital 24a				
33a				<p><u><i>(24a) It is 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. The emergence of binding legislation in several Member States has given 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 internal market. Nonetheless, this Directive should not preclude Member States from introducing more stringent national provisions diverging from those laid down in Articles other than Articles 6(1), 6(1a), 7(1) and 8(1), including where such provisions may indirectly raise the level of protection of those Articles 6(1),</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>6(1a), 7(1) and 8(1), such as the provisions on the scope, on the definitions, on the appropriate measures for the remediation of actual adverse impacts, on the carrying out of meaningful engagement with stakeholders and on the civil liability; or from introducing national provisions that are more specific in terms of their objective or the field covered, such as national provisions regulating specific adverse impacts or specific sectors of activity, in order to achieve a different level of protection of human, employment and social rights, the environment or the climate.</u></p>
Recital 25				
34	<p>(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</p>	<p>(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 <u>any action which removes or reduces the ability of an individual or group to enjoy</u>the violation of one of the rights and prohibitions <u>as or to be protected by prohibitions</u> as <u>and instruments</u> enshrined in the international conventions as <u>and instruments</u> listed in the Annex to this Directive.</p>	<p>(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 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</p>	<p>(25) <u>This Directive aims to comprehensively cover human rights, including all five fundamental principles and rights at work as defined in the 1998 ILO Declaration on Fundamental Principles and Rights at Work¹</u>. 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</p>

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	<p>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 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.</p>	<p><u>and subsequent case law and the work of treaty bodies related to these conventions, which include trade union, workers' and social rights</u>. 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 <u>and instruments</u> 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 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.</p>	<p>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 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 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</p>	<p>and prohibitions as enshrined in the international conventions as instruments listed in the Annex I, Part I Section 1 to this Directive. <u>The term "abuse" should be interpreted in line with international human rights law</u>. 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 Annex I, Part I Section 1 <u>which can be abused by a company or legal entity, and</u> which directly impairs a legal interest protected in those conventions <u>the human rights instruments listed in Annex I, Part I Section 2</u> should also form part of the adverse human rights impact <u>impacts</u> covered by this Directive, provided that the company concerned could have reasonably established <u>foreseen</u> 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 <u>such human right abuse, taking into account all relevant circumstances of the specific case, including the nature and extent of the company's business operations and its chain of activities,</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>the Annex listed in the Annex I, Part II to this Directive.</p>	<p><u><i>economic sector and geographical</i></u> and operational context. Due diligence should further encompass adverse environmental impacts resulting from the violation of one of the prohibitions and obligations <i>pursuant</i> <u><i>listed in the Annex I, Part II to this Directive, as well as adverse impacts resulting from the breach of one of the prohibitions listed in the Annex I, Part I, points 18 and 19, taking into account national legislation linked to the provisions of the instruments listed therein. These prohibitions and obligations should be interpreted and applied in line with international and Union general principles of environmental conventions listed in the law, as set out in Article 191 of TFEU. These prohibitions include the prohibition of causing any measurable environmental degradation, such as harmful soil change, water or air pollution, harmful emissions, excessive water consumption, degradation of land, or other impact on natural resources, such as deforestation, that substantially impairs the natural bases for the preservation and production of food, or that denies a person access to safe and clean drinking water, or that</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u><i>makes it difficult for a person to access sanitary facilities or destroys them, or that harms the health, safety, the normal use of land or lawfully acquired possessions of a person, or that substantially adversely affects ecosystem services through which an ecosystem contributes directly or indirectly to human wellbeing. In order to assess whether the damage to ecosystem services is substantial, the following elements should be taken into account where relevant: the baseline condition of the affected environment, whether the damage is long-lasting, medium term or short term, the spread of the damage, and the reversibility of the damage. Due diligence requirements under this Directive should therefore contribute to preserving and restoring biodiversity and improving the state of the environment, in particular the air, water and soil, including to better protect human rights. The Commission should be empowered to adopt delegated acts in order to amend Annex I to this Directive for the purposes laid down in Article 3(2), including by adding the reference, once ratified by all EU Member States, to the ILO Occupational Safety and Health Convention, 1981 (No. 155), and</i></u></p>

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				<p><u><i>the ILO Promotional Framework for Occupational Safety and Health, 2006 (No 187), which form part of the ILO fundamental instruments.</i></u></p> <p><u><i>I. Adopted at the 86th Session of the International Labour Conference (1998) and amended at the 110th Session (2022). Available at https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ed_norm/declaration/documents/normativeinstrument/wcms_716594.pdf</i></u></p>
Recital 25a				
34a		<p><u><i>(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 of States' national or local authorities.</i></u></p>		<p><u><i>(25a) Depending on circumstances, companies may need to consider additional standards. For instance, taking account of specific contexts or intersecting factors, including among others, gender, sex, age, race, ethnicity, class, caste, education, migration status, disability, as well as social and economic status, as part of a gender- and culturally responsive approach to due diligence, companies should pay special attention to any particular adverse impacts on individuals who may be at heightened risk due to marginalisation, vulnerability or other circumstances, individually</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>or as members of certain groups or communities, including Indigenous Peoples, as protected under the United Nations Declaration on the Rights of Indigenous Peoples, including in relation to Free, Prior and Informed Consent (FPIC). In doing so, companies may need to take into consideration, where relevant, international instruments such as the International Convention on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination Against Women, the Convention on the Rights of Persons with Disabilities.</u></p>
Recital 25b				
34b		<p><u>(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.</u></p>		<p><u>(25b) Companies should also be responsible for using their influence to contribute to an adequate standard of living in chains of activities. This is understood as a living wage for employees and a living income for self-employed workers and smallholders, which they earn in return from their work and production.</u></p> <p>Text Origin: EP Mandate</p>
Recital 25c				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
34c		<p><u><i>(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 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.</i></u></p>		<p><u><i>(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 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.</i></u></p> <p>Text Origin: EP Mandate</p>
Recital 25d				
34d		<p><u><i>(25d) Adverse human rights and environmental impacts can be intertwined or underpinned by</i></u></p>		<p><u><i>(25d) Adverse human rights and environmental impacts can be intertwined with or underpinned by</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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.</u></p>		<p><u>factors such as corruption and bribery. It therefore may be necessary for companies to take into account these factors when carrying out human rights and environmental due diligence, consistently with the United Nations Convention against Corruption.</u></p> <p>Text Origin: EP Mandate</p>
Recital 26				
35	<p>(26) Companies have guidance at their disposal that illustrates how their activities may 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 Framework¹ and the United Nations Guiding Principles Interpretative Guide². 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.</p> <p>1. https://www.ungpreporting.org/wp-content/uploads/UNGPRreportingFramework_k_withguidance2017.pdf.</p>	<p>(26) Companies <u>should</u> have guidance at their disposal that illustrates how their activities may 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 Framework¹ and the United Nations Guiding Principles Interpretative Guide² <u>and should be made easily accessible to companies</u>². <u>Therefore</u>, 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.</p>	<p>(26) When assessing the adverse human rights impacts, companies have guidance at their disposal that illustrates how their activities may 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 Framework¹ and, the United Nations Guiding Principles Interpretative Guide². 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. Guide³.</p>	<p>(26) <u>When assessing the adverse human rights impacts</u>, companies have guidance at their disposal that illustrates how their activities may 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 Framework¹, and the United Nations Guiding Principles Interpretative Guide². 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.</p> <p>1. https://www.ungpreporting.org/wp-content/uploads/UNGPRreportingFramework_k_withguidance2017.pdf.</p>

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	<p>2. https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.</p>	<p>1. https://www.ungpreporting.org/wp-content/uploads/UNGPREportingFramework_k_withguidance2017.pdf.</p> <p>2. https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.</p>	<p>1. https://www.ungpreporting.org/wp-content/uploads/UNGPREportingFramework_k_withguidance2017.pdf.</p> <p>2. https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.</p> <p>3. https://www.ohchr.org/sites/default/files/Documents/Publications/HRT_2_0_EN.pdf</p>	<p>2. https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.https://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf.</p> <p>Text Origin: Council Mandate</p>
Recital 26a				
35a			<p>(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 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</p>	<p>deleted</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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.</p>	
Recital 27				
36	<p>(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their 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</p>	<p>(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their operations, their subsidiaries, and their value chains, companies covered by this Directive should integrate due diligence into corporate policies, identify, prevent <u>and where necessary, prioritise, prevent,</u> mitigate, <u>remediate</u> 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 <u>or participate in a notification and non-judicial grievance mechanism,</u> monitor <u>and verify</u> the effectiveness of the <u>their actions</u> taken measures in</p>	<p>(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their 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</p>	<p>(27) In order to conduct appropriate human rights, and environmental due diligence with respect to their operations, <u>operations of</u> their subsidiaries, and <u>operations of</u> their value <u>business partners in companies' chains of activities,</u> companies covered by this Directive should integrate due diligence into corporate <u>company's policies and risk management systems,</u> identify <u>and assess, where necessary prioritise,</u> prevent and mitigate as well as bring to an end and minimise the extent of potential and actual adverse human rights and environmental impacts, <u>provide remediation to actual adverse impacts, carry out meaningful engagement with stakeholders,</u></p>

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	<p>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.</p>	<p>accordance with the requirements that are set up in this Directive and, communicate publicly on their due diligence, <u>and engage with affected stakeholders throughout this entire process</u>. 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 <u>the extent of</u> actual adverse impacts should be clearly distinguished in this Directive.</p>	<p>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.</p>	<p>establish and maintain a <u>notification mechanism and</u> 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 <u>the extent of</u> actual adverse impacts, should be clearly distinguished in this Directive.</p>
Recital 28				
37	<p>(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework, 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</p>	<p>(28) In order to ensure that due diligence forms part of companies' corporate policies, and in line with the relevant international framework, companies should integrate due diligence into all <u>their relevant</u> corporate policies and <u>at all levels of operation and</u> have in place a due diligence policy <u>with short-, medium- and long-term measures and targets</u>. 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 <u>defining</u> the rules, <u>principles and measures</u> and</p>	<p>(28) In order to ensure that due diligence forms part of companies' corporate policies policies and risk management systems, and in line 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</p>	<p>(28) In order to ensure that due diligence forms part of companies' corporate policies <u>policies and risk management systems</u>, and in line with the relevant international framework, companies should integrate due diligence into <u>their relevant policies and risk management systems and at all relevant levels of operation</u> all their corporate policies and have in place a due diligence policy. The due diligence policy should <u>be developed in prior consultation with the company's employees and their representatives and should</u> contain a description of the</p>

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	<p>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.</p>	<p><i>principles</i> to be followed <i>by and implemented where relevant throughout</i> the company's <i>employees</i> and <i>its</i> subsidiaries <i>across all corporate operations</i>; a description of the processes put in place <i>and appropriate measures taken</i> to implement due diligence <i>in line with Articles 7 and 8 in the value chain</i>, including the <i>relevant</i> measures taken to <i>verify compliance with the code of conduct and to extend its application to established</i> <i>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</i> business <i>relationships partners in a weaker position</i>. The code of conduct should apply in all relevant corporate functions and operations, including <i>procurement pricing practices</i> and purchasing decisions, <i>for instance on trading and procurement</i>. Companies should also update their due diligence policy <i>annually when significant changes occur</i>.</p>	<p>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 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</p>	<p>company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed <i>by throughout the company and its subsidiaries, and, where relevant,</i> the company's <i>employees and subsidiaries; direct or indirect business partners and</i> a description of the processes put in place to <i>integrate due diligence into the relevant policies and to</i> implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to <i>established business relationships business partners. The due diligence policy should ensure a risk-based due diligence</i>. The code of conduct should apply in all relevant corporate functions and operations, including procurement, <i>employment and purchasing and purchasing</i> decisions. <i>Companies</i> <i>For the purposes of this Directive, employees</i> should <i>also update their due diligence policy annually</i> <i>be understood as including temporary agency workers, and other workers in non-standard forms of employment provided that they fulfil the criteria for determining the status of a worker established by the Court of Justice</i>.</p>

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			<p>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.</p>	
Recital 28a				
37a		<p><i><u>(28a) Parent companies should be able to perform actions which can 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</u></i></p>		<p><i><u>Deleted</u></i></p>

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		<p><i><u>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.</u></i></p>		
Recital 28b				
6 37b		<p><i><u>(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,</u></i></p>		<p><i><u>Deleted</u></i></p>

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		<p><u><i>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 should follow guidance provided by relevant international bodies, including the International Committee of the Red Cross and the UNDP.</i></u></p>		
Recital 28c				
37c				

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		<p><i><u>(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 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</u></i></p>		<p><i><u>Deleted</u></i></p>

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		<p><i><u>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.</u></i></p>		
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.	(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.	(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.	(29) To comply with due diligence obligations, companies need to take appropriate measures with respect to <u>the</u> identification, prevention and , bringing to an end.

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	<p>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 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</p>	<p>An <u>that they caused, contributed or are directly linked to.</u> ‘Appropriate measure<u>measures</u>’ should mean a measure that is<u>measures that are</u> capable of achieving the objectives of due diligence, <u>and effectively addressing the adverse impact identified pursuant to Article 6 in a manner proportionate and</u> commensurate with<u>to</u> the degree of severity and the likelihood of the adverse impact, and reasonably available and proportionate and commensurate <u>to the size, resources and capacities of the</u> company, taking into account the circumstances of the specific case, including characteristics<u>the nature of the economic sector and</u> <u>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 one hand its ability to persuade the business relationship to take action to</u> <u>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</u></p>	<p>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, 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</p>	<p><u>minimisation and remediation of</u> adverse impacts, <u>and the carrying out of meaningful engagement with stakeholders throughout the due diligence process.</u> An ‘Appropriate measure<u>measures</u>’ should mean a measure that is<u>measures that are</u> capable of achieving the objectives of due diligence, <u>by effectively addressing adverse impacts in a manner</u> commensurate with<u>to</u> 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<u>the nature and extent 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.) <u>and, on the other hand, the</u></u></p>

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	relationship associated with adverse impact.	<p><u>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</u> 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) <u>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.)</u> 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 relationship associated with adverse <u>For the purposes of Articles 7 and 8, in cases where a company's operations, products or services are</u></p>	<p>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.</p>	<p>degree of influence or leverage that <u>adverse impact and relevant risk factors. If necessary information, including information that is deemed to be a trade secret, cannot be reasonably obtained due to factual or legal obstacles, for instance because a business partner refuses to provide information and there are no legal grounds to enforce this, such circumstances cannot be held against</u> 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, but <u>companies should be able to explain why this information could not be obtained and should take the necessary and reasonable steps to obtain it as soon as possible.</u></p>

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		<p><i><u>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</u> impact.</i></p>		
Recital 30				
39	<p>(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. 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</p>	<p>(30) Under the due diligence obligations set out by this Directive, a company should identify <u>and assess</u> actual or potential adverse human rights and environmental impacts. In order to allow for a comprehensive identification <u>and assessment</u> of adverse impacts, such identification <u>and assessment</u> should be based on <u>meaningful stakeholder engagement and</u> 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. Identification <u>and assessment</u> of adverse impacts should include assessing the human rights, and</p>	<p>(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 of activities. When identifying: Identification of adverse impacts, the company should include include assessing the human rights, and environmental context in a dynamic way and in regular intervals: prior</p>	<p>(30) Under the due diligence obligations set out by this Directive, a company should identify <u>and assess</u> actual or potential adverse human rights and environmental impacts. In order to allow for a comprehensive identification <u>and assessment</u> of adverse impacts, such identification <u>and assessment</u> should be based on quantitative and qualitative information, <u>including the relevant disaggregated data that can be reasonably obtained by a company. Companies should make use of appropriate methods and resources, including public reports.</u> For instance, as regards adverse environmental impacts, the company should obtain information about baseline conditions at higher</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p>	<p>environmental context in a dynamic way and in regular intervals: <u>continuously, including</u> 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. <u>Regulated. Regulated financial undertakings providing financial services should identify the adverse impacts at the inception of the contract and before subsequent</u> financial undertakings providing loan, credit, or other financial services should identify the adverse impacts only at the inception <u>operations, and if notified of possible risks via the procedures in Art.9, during the provision</u> of the contract <u>service</u>. When identifying <u>and assessing</u> adverse impacts, companies should also identify and assess the impact of a business relationship's business model and strategies, including trading, procurement and pricing <u>purchasing</u> 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</p>	<p>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 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</p>	<p>risk sites or facilities in value <u>its</u> chains <u>of activities</u>.</p> <p><u>As part of the obligation to identify</u> Identification of adverse impacts, <u>companies</u> should include assessing the human rights <u>take appropriate measures to map their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in order to identify general areas where adverse impacts are most likely to occur and to be most severe. Based on the results of that mapping, companies should carry out an in-depth assessment of their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, and</u> 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 <u>areas where adverse impacts were</u></p>

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		<p><i>company, taking into account the specific circumstances.</i></p>	<p>delay after a significant change occurs, but at least every 12 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 <i>status quo</i> 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 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</p>	<p><u><i>identified to be most likely to occur and most severe.</i></u></p> <p><u><i>When identifying, and assessing the adverse impacts, the company should take into account, based on an overall assessment, possible relevant risk factors, including company-level risk factors, such as whether the business partner is not a company covered by this Directive; business operations risk factors; geographic and contextual risk factors, such as the level of law enforcement with respect to the type of adverse impacts only at the inception of the contract. standards; product and service risk factors; and sectoral risk factors.</i></u></p> <p>When identifying <u><i>and assessing</i></u> adverse impacts, companies should also identify and assess the impact of a business <u><i>relationship partner's</i></u> business model and strategies, including trading, procurement and pricing practices.</p> <p><u><i>With a view to limiting the burden on smaller companies created by requests for information, where information necessary for the identification of adverse impacts can be obtained from business partners at different levels of the chain of activities, companies should exercise restraint with</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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, 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.</p>	<p><u>regard to business partners that do not themselves present risks of adverse impacts and privilege reaching out, where reasonable, directly for more detailed information to business partners at levels in the chain of activities where, based on the mapping, potential or actual adverse impacts are most likely to occur.</u></p> <p><u>Identification of the company cannot prevent, bring to an end or minimize all its</u> adverse impacts <u>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 months, throughout the life cycle of an activity or relationship, and whenever there are reasonable grounds to believe that new risks may arise. A significant changeat the same time, it should be able to prioritize its action, provided it takes the measures reasonably understood as 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 or its operating context. Examples of a significant change could be the</u></p>

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				<p><u>cases when the company starts to operate 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.</u></p> <p><u>Reasonable grounds to believe that there are new risks may arise in different ways, including learning about the adverse impact from publicly available information, through stakeholder engagement, or through notifications.</u></p> <p><u>If, despite having taken appropriate measures to identify, companies do not have all the necessary information regarding their chain of activities, they should be able to explain why this information could not be obtained and should take the necessary and reasonable steps to obtain it as soon as possible</u>to the company, taking into account the specific circumstances.</p>
Recital 30a				
6 39a		<p><u>(30a) Where the company cannot prevent, bring to an end or mitigate all the identified and assessed</u></p>		<p><u>Deleted</u></p>

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		<p><i><u>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.</u></i></p>		
Recital 30b				
6 39b				<p><i><u>(30b) In conflict-affected and high-risk areas, as defined in</u></i></p>

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				<p><u><i>accordance with Regulation (EU) 2017/821, human rights' abuses are more likely to occur and to be severe. Companies should take this into account when integrating due diligence into their policies and risk management systems to ensure that codes of conduct and processes put in place to implement due diligence are adapted to conflict-affected and high-risk areas, consistently with International Humanitarian Law, as laid out in the Geneva Conventions and additional protocols. Companies should take into account that these situations constitute particular geographic and contextual risk factors when performing in-depth assessments as part of the identification and assessing process, when taking appropriate measures to prevent, mitigate, bring to an end and minimise identified adverse impacts, and when engaging with stakeholders. For this purpose, companies may rely on the Commission's guidance on the assessment of risk factors associated with conflict-affected and high-risk areas, which should take into account the UNDP Guidance on "Heightened Human Rights Due Diligence for Business in Conflict Affected Contexts".</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Recital 30c				
39c		<u><i>(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.</i></u>		<u><i>Deleted</i></u>
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.	<i>deleted</i>	(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.	(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 <u><i>under this Directive</i></u> to identify those actual or potential severe adverse impacts that are relevant to the respective sector. Text Origin: Council Mandate
Recital 31a				
40a				<u><i>(31a) This Directive should be without prejudice to the rules on professional secrecy applicable to</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>lawyers or to other certified professionals who are authorised to represent their clients in judicial proceedings, in accordance with Union and national law.</u></p>
Recital 32				
41	<p>(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 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.</p>	<p>(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 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, <u>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</u>. Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights impacts. <u>In the same line, women in precarious labour conditions could face more severe</u></p>	<p>(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 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</p>	<p>(32) In line with international standards, prevention and mitigation as well as bringing to an end and minimisation of <u>Where the company cannot prevent, mitigate, bring to an end or minimise the extent of all the identified actual and potential adverse impacts at the same time to the full extent, it should prioritise the adverse impacts based on their severity and likelihood.</u> <u>The severity of an adverse impact should be assessed based on the scale, scope or irremediable character of the adverse impact, taking 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) 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</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>adverse human rights impacts thus increasing their vulnerability.</u> This should therefore be taken into account when deciding on the appropriate action to take, <u>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-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.</u></p>	<p>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 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</p>	<p>child labour <u>gravity of the 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 within a reasonable period of time.</u> <u>Once the most severe and likely adverse impacts are addressed in reasonable time, the company should address less</u> Terminating a business relationship in which child labour was found could expose the child to even more severe adverse human rights <u>and less likely adverse impacts.</u> <u>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 partner, or its potential liability are not relevant factors in the prioritisation of adverse impacts</u> This should therefore be taken into account when deciding on the appropriate action to take.</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>given time, and the scale of the prioritised adverse impact at one point in time.</p>	
Recital 33				
42	<p>(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 impacts where relevant depending on the circumstances.</p>	<p>(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 impacts where relevant depending on the circumstances.</p>	<p>(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 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</p>	<p>(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 <u>the actions companies should be expected to take for prevention and mitigation of potential adverse impacts, where relevant depending on the circumstances.</u> <u>When assessing the appropriate measures to prevent or adequately mitigate adverse impacts, due account should 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 or jointly causing the adverse impact.</u> <u>Companies should take appropriate measures to prevent or mitigate the adverse impacts that they cause by themselves (so called ‘causing’ the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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, 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</p>	<p><u>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). This applies irrespective of whether third entities outside of the company’s chain of activities are also causing the adverse impact. 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, including where the company substantially facilitates or incentivises a business partner to cause an adverse impact, that is, excluding minor or trivial contributions. 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 only 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 still aim to use their influence to prevent or mitigate the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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 company which is the direct business partner of the business partner associated with the adverse impact.</p>	<p><u><i>adverse impact caused by their business partners or to increase their influence to do so.</i></u> <u><i>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.</i></u> <u><i>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.</i></u></p>
Recital 34				
6 43				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>(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 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</p>	<p>(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions<u>appropriate measures</u>, 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<u>consider establishing through</u> contractual assurances from a direct<u>provisions with a</u> partner with whom they have an established<u>a</u> business relationship that it will ensure compliance with the code of conduct or the<u>and, as necessary, a</u> prevention action plan, including by seeking. <u>Partners with whom the company has a business relationship could be asked to seek</u> corresponding contractual assurances<u>provisions</u> 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 SME with which they have an</p>	<p>(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 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.</p>	<p>(34) So as to comply with the prevention and mitigation obligation under this Directive, companies should be required to take the following actions<u>appropriate measures</u>, 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<u>partner</u> that it will ensure compliance with the code of conduct or and, as<u>necessary</u>, 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<u>chain of activities</u>. <u>Contractual assurances should be designed to ensure that responsibilities are shared appropriately by the company and the business partners</u>. The contractual assurances should be accompanied by appropriate measures to verify compliance. <u>However, the company should only be obliged to seek the contractual assurances, as obtaining them may depend on the circumstances</u>. To ensure comprehensive prevention of actual and potential adverse impacts, companies should also</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>prevention action plan, or technical guidance such as in the form of training, management systems upgrading, and collaborate with other companies.</p>	<p>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.</p>	<p>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 companies.</p>	<p>make <u>financial or non-financial</u> investments, <u>adjustment or upgrades</u>, 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 <u>implement and collaborate with other companies, in compliance with Union law.</u> <u>Where relevant, companies should adapt business plans, overall strategies and operations, including purchasing practices, and develop and use purchase policies that contribute to living wages and incomes for their suppliers, and that do not encourage potential adverse impacts on human rights or the environment.</u> <u>To conduct their due diligence in an effective and efficient manner, companies should also make necessary modifications of, or improvements to, their design and distribution practices, to address adverse impacts arising both in the upstream part and the downstream part of their chain of activities, before and after the product has been made. Adopting and adapting</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>such practices, as necessary, could be particularly relevant for the company, to avoid an adverse impact in the first instance. Such measures could also be relevant to address adverse impacts that are jointly caused by the company and its business partner, for instance due to the deadlines or specifications imposed on it by the company. Also, by better sharing the value along the chain of activities, responsible purchasing or distribution practices contribute to fighting against child labour, which often arises in countries or territories with high poverty levels. Companies should also provide targeted and proportionate support for an SME which is a business partner of the company, where necessary in light of the resources, knowledge and constraints of the SME, including by providing or enabling access to capacity-building, training or upgrading management systems, and, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME, providing targeted and proportionate financial support, or technical guidance such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing. Jeopardising the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>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</u>in the form of training, management systems upgrading, and collaborate with other companies.</p>
Recital 34a				
43a		<p><u>(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</u></p>		<p><u>Deleted</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement	
		<p><u>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 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.</u></p>			
Recital 35					
6	44	(35) In order to reflect the full range of options for the company in cases where potential impacts could	deleted	(35) In order to reflect the full range of options for the company in cases where potential <u>adverse</u>	6

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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 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.</p>		<p>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 compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationshippartner with the contract.</p>	<p>impacts could not be addressed by the described prevention or minimisationmitigation measures, this Directive should also refer to the possibility for the company to seek to conclude acontractcontractual assurances with the indirect business partner, with a view to achieving compliance with the company's code of conduct or a prevention action plan, and conduct appropriate measures to verify compliance of the indirect business relationshippartner with the contractcontractual assurances.</p>
Recital 35a				
44a			<p>(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</p>	<p><u>(35a) It is possible that prevention of potential 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 potential 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</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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.</p>	<p><u>effectively prevent or mitigate potential adverse impacts solely or jointly with the company, or other legal entities, while respecting applicable law, in particular competition law.</u></p> <p>Text Origin: Council Mandate</p>
Recital 36				
45	<p>(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</p>	<p>(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize<u>prioritise</u> 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 <u>that a company caused or contributed to and that</u> could not be addressed by the described prevention or mitigation measures, <u>and there is no reasonable prospect of change,</u> 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, <u>as a last resort, in line</u></p>	<p>(36) In order to ensure that prevention and mitigation of potential adverse impacts is effective, companies should prioritize engagement with business relationships<u>partners</u> in the value chain<u>chain of activities</u>, instead of terminating the business relationship, as a last resort action after attempting at preventing and mitigating adverse<u>to prevent and mitigate</u> 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</p>	<p>(36) In order to ensure that <u>appropriate measures for the</u> prevention and mitigation of potential adverse impacts is<u>are</u> effective, companies should prioritize engagement with business relationships in the value<u>partners in their</u> chain of activities, 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<u>such appropriate</u> measures, refer to the obligation for companies, <u>as a last resort,</u> to refrain from entering into new or extending existing relations with the partner in question and, where <u>there is a reasonable prospect of change, by using or increasing the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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 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.</p>	<p><u>with responsible disengagement</u>, to either temporarily suspend commercial relationships with the partner in question, while pursuing prevention and minimisation efforts, if there is reasonable expectation that these <u>mitigation efforts are to succeed in the short term</u>; or to terminate the business relationship with respect to the activities concerned if <u>on account of the severity of</u> the potential adverse impact, <u>or if the conditions for temporary suspension are not met is severe</u>. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate <u>or suspend</u> the business relationship in contracts governed by their laws. <u>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</u>. It is possible that prevention of</p>	<p>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 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</p>	<p><u>company's leverage through the temporary suspension of the business relationship with respect to the activities concerned, adopt and implement an enhanced prevention action plan for the specific adverse impact without undue delay including a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners. Factors determining the appropriateness of the timeline for adoption and implementation of these actions could include the severity of the adverse impact, the need to identify and take steps to prevent or mitigate any additional adverse impacts, as well as impacts on SMEs or smallholders. Companies should</u> the law governing their relations so entitles them to, to either temporarily suspend commercial <u>their business</u> relationships with the partner in question, while pursuing prevention and minimisation efforts, if <u>business partner, which increases their leverage and increases the chances that the impact is addressed. Where there is no reasonable expectation that these efforts are to succeed in the short term; or would succeed, for instance, in situations of state-imposed forced labour, or where</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p>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.</p>	<p>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 Annex I to this Directive, does not entail any obligation to temporarily suspend or terminate the business relationship while respecting competition law.</p>	<p><u><i>the implementation of the enhanced prevention action plan failed to prevent or mitigate the adverse impact, the company should be required</i></u> 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. <i>It is possible that prevention of</i> <u><i>In deciding to terminate or suspend a business relationship, the company should assess whether the adverse impacts at the level of indirect business relationships requires collaboration with another company, for example a company which has a direct contractual of doing so could be reasonably expected to be manifestly more severe than the adverse impact that could not be prevented or adequately mitigated. Where companies do temporarily suspend 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</i></u> <i>with the supplier. In some instances, such collaboration could be the only realistic way of</i></p>

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				<p>preventing adverse impacts, in particular, where the indirect business relationship is not ready to enter into a contract with the company. In these <u>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 entity. In some</u> instances, the company should collaborate with the entity which can most effectively prevent or mitigate <u>collaboration with another company could be the only realistic way of preventing</u> adverse impacts at the level of <u>indirect business relationships, in particular, where</u> the indirect business relationship while respecting competition law <u>partner is not ready to enter into a contract with the company.</u></p>
Recital 36a				
6 45a			<p>(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</p>	<p><u>Deleted</u></p>

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			<p>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 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</p>	

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			<p>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 business relationship should apply only to commercial agreements concluded by the company after the expiry of the transposition period for implementing this Directive.</p>	
	Recital 36b			
6	45b		<p>(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</p>	<p><u>(36b) Although regulated financial undertakings are only subject to due diligence obligations for the upstream part of their chain of activities, the specificities of financial services as well as the OECD Guidelines for Multinational Enterprises provide</u></p>

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			<p>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 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.</p>	<p><i><u>indications of the types of measures that are appropriate and effective for financial undertakings to take in due diligence processes. 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 and to use their so-called ‘leverage’ to influence companies. The exercise of shareholders’ rights can be a way to exercise leverage.</u></i></p>

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Recital 37				
46	<p>(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 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.</p>	<p>(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 <u>participate in</u> such initiatives to support the implementation <u>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 includes</u> 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 <u>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</u></p>	<p>(37) As regards direct and indirect business relationships <u>partners,</u> 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 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 <u>should</u> issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.</p>	<p>(37) As regards direct and indirect business relationships, industry cooperation <u>partners,</u> 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 <u>participate in</u> such initiatives to support the implementation of their due diligence obligations laid down in <u>Articles 5 to 11 of</u> this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations. <u>The meaning of initiatives is broad and includes a combination of voluntary due diligence procedures, tools and mechanisms, developed and overseen by governments, industry associations, interested organisations, including civil society organisations, or groupings or combinations thereof, that</u> companies could assess, <u>participate in in order to support the implementation of due diligence obligations.</u> <u>Companies could, after having assessed</u> their own initiative, the alignment of these schemes and initiatives with the obligations under this</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>organisations, and include monitoring organisations, global framework agreements, sector dialogues</u> and initiatives with the obligations under this Directive <u>that certify aspects of due diligence</u>. 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 <u>the OECD and relevant stakeholders, should</u> issue guidance for assessing the fitness <u>precise scope, alignment with this Directive, and credibility</u> of industry schemes and multi-stakeholder initiatives. <u>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.</u></p>		<p>Directive <u>appropriateness, make use of or join relevant risk analysis carried out by industry or multi-stakeholder initiatives or by members of those initiatives and could take or join effective appropriate measures through such initiatives. When doing so, companies should monitor the effectiveness of such measures and, continue to take appropriate measures where necessary to ensure the fulfilment of their obligations.</u></p> <p>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 <u>should</u> issue guidance <u>setting out fitness criteria and a methodology for companies to assess</u> for assessing the fitness of industry schemes and <u>and multi-stakeholder initiatives. Companies could also use independent third-party verification on and from companies in their chain of activities to support the implementation of due diligence obligations to the extent that such verification is appropriate to</u></p>

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		<p><u>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.</u></p>		<p><u>support the fulfilment of the relevant obligations. Third-party verification could be carried out by other companies or by an industry or multi-stakeholder initiative. Independent third-party verifiers should act with objectivity and complete independence from the company, be free from any conflict of interests, remain free from external influence, whether direct or indirect, and should refrain from any action incompatible with their independence. According to the nature of the adverse impact, they should have experience and competence in environmental or human rights matters and should be accountable for the quality and reliability of the verification. The Commission, in collaboration with Member States, should issue guidance setting out fitness criteria and a methodology for companies to assess the fitness of third party verifiers, and guidance for monitoring the accuracy, effectiveness and integrity of third-party verification. This guidance is essential to address the shortcomings of ineffective audits. Companies participating in industry or multi-stakeholder initiatives or using third party verification or contractual clauses to support the implementation of due diligence obligations should</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u><i>still be able to be sanctioned or found liable for violations of this Directive and damage suffered by victims as a result.</i></u>
Recital 38				
47	<p>(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. 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</p>	<p>(38) Under the due diligence obligations set out by this Directive, if a company identifies actual human rights orand 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. However, it should be clarified that, as regards established business relationships, where adverse impacts cannot be brought to an end, companies should minimise<u>mitigate</u> the extent of such impacts, <u>whilst pursuing efforts to bring the adverse impact to an end, and implementing a corrective action plan, developed in consultation with affected stakeholders.</u> 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</p>	<p>(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<u>its</u> own operations and in those of its subsidiaries. However, it should be clarified that, as regards established business relationships<u>partners,</u> 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</p>	<p>(38) Under the due diligence obligations set out by this Directive, if a company identifies actual <u>adverse</u> 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<u>its</u> own operations and in those of its subsidiaries. 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. <u>In this line, the company should periodically reassess the circumstances that made it not possible to bring the adverse impact to an end, and whether the adverse impact can be brought to an end.</u> To provide companies with legal clarity and certainty, this</p>

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	<p>relevant depending on the circumstances.</p>	<p>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.</p>	<p>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 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,</p>	<p>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.</p> <p><u><i>When assessing the appropriate measures to bring to an end or minimise the extent of the adverse impacts, due account should 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 or jointly causing the adverse impact. Companies should take appropriate measures 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 jointly with their subsidiaries or business partners (so called ‘contributing’ to the adverse impact as referred to in the international framework). This applies irrespective of whether third entities outside of the company’s chain of activities are also causing the adverse impact. Jointly causing the adverse impact is not limited to equal implication of the company and its subsidiary</i></u></p>

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			<p>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 covering the same causal relations as described in these frameworks.</p> <p>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</p>	<p><u>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, including where the company substantially facilitates or incentivises a business partner to cause an adverse impact, that is, excluding minor or trivial contributions. 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 only 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 still aim 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 covering the same causal relations as described in these frameworks.</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>business partner in question or engagement with another company which is the direct business partner of the business partner associated with the adverse impact.</p>	<p><u>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 bring to an end or minimise the extent of the 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.</u></p>
Recital 39				
48	<p>(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 to the significance and scale of the adverse</p>	<p>(39) So as to comply with the obligation of bringing to an end and minimising<u>mitigating</u> 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<u>adequately mitigate</u> its extent, with an action proportionate to the significance and scale of the</p>	<p>(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 minimise its extent, with an action proportionate to the significance</p>	<p>(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<u>appropriate measures</u>, where relevant. <u>Where necessary due to the fact that</u> They should neutralise the adverse impact or minimise its</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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 ability to bring the adverse impact to an end.</p>	<p>adverse impact and to the contribution of the company's conduct <u>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</u> 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 <u>the implementation of appropriate measures and</u> action and qualitative and quantitative indicators for measuring improvement. Companies should also seek to obtain <u>could also establish through</u> contractual assurances from a direct business provisions with a partner with whom they have an established <u>a</u> business relationship that they will ensure compliance with the company's code of conduct and, as necessary, a prevention <u>corrective</u> action plan, including by seeking. <u>Partners with whom the company has a business relationship could be asked to establish</u> corresponding <u>reasonable, non-discriminatory and fair</u> contractual assurances <u>provisions with their</u> partners, to the extent that their activities are part of the company's</p>	<p>and 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 ceasing or minimising the extent of</p>	<p>extent, with an <u>cannot be immediately brought to an end, companies should develop and implement a corrective</u> action proportionate to the significance and scale of the adverse impact <u>and plan.</u> <u>Companies should seek to obtain contractual assurances from a direct business partner that it will ensure compliance with the code of conduct and, as necessary, the corrective action plan, including by seeking corresponding contractual assurances from its partners</u> to the contribution <u>extent that their activities are part of the company's conduct to the adverse impact.</u> Where necessary due to the fact that the adverse impact cannot be immediately brought to an end, <u>companies' chain of activities. Contractual assurances should be designed to ensure that responsibilities are shared appropriately by the company and the business partners. 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 circumstances.</u> Companies should develop and implement a corrective action plan with reasonable and clearly defined</p>

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		<p>value chain. The contractual assurances<u>provisions</u> should be accompanied by <u>measures to support carrying out due diligence as outlined in this Directive.</u> <u>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 compliancebring 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.</u> Finally, companies should also</p>	<p>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</p>	<p>timelines for action and qualitative and quantitative indicators for measuring improvement <u>also make financial or non-financial investments, adjustment or upgrades, aiming at ceasing or minimising the extent of adverse impacts, and collaborate with other companies, in compliance with Union law.</u> <u>Where relevant,</u> 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 <u>adapt business plans, overall strategies and operations, including purchasing practices, and develop and use purchase policies that contribute to living wages and incomes for their suppliers, and that do not encourage actual adverse impacts on human rights or the environment. To conduct their due diligence in an effective and efficient manner, companies should also make necessary modifications of, or improvements to, their design and distribution practices, to address adverse impacts arising both in the upstream part and the downstream part of,</u> a prevention action plan, including by seeking corresponding</p>

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		<p>make investments aiming at ceasing or minimising<u>mitigating</u> the extent of <u>an</u> adverse impact, provide targeted and proportionate support for an SMEs with which they have an established<u>a</u> business relationship and collaborate with other entities, including, where relevant, to increase the company's ability to bring the adverse impact to an end.</p>	<p>adverse impact. The financial or non-financial 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.</p>	<p>contractual assurances from its partners, to the extent that their <u>chain of activities, before and after the product has been made. Adopting and adapting such practices, as necessary, could be particularly relevant for the company, to avoid an adverse impact in the first instance. Such measures could also be relevant to address adverse impacts that are jointly caused</u>are part of the company's value chain. The contractual assurances should be accompanied by the <u>appropriate measures to verify compliance. Finally, companies should also make investments aiming at ceasing or minimising the extent of adverse impact, company and its business partner, for instance due to the deadlines or specifications imposed on it by the company. Also, by better sharing the value along the chain of activities, responsible purchasing or distribution practices contribute to fighting against child labour, which often arises in countries or territories with high poverty levels. Companies should also</u> provide targeted and proportionate support for an SMEs with which they have an established business relationship and collaborate with other entities<u>SME which is a business partner of the company, where</u></p>

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				<p><u>necessary in light of the resources, knowledge and constraints of the SME</u>, including <u>by providing or enabling access to capacity-building, training or upgrading management systems, and</u>, where relevant, to increase the company's ability to bring the adverse impact to an end<u>compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME, providing targeted and proportionate financial support, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing.</u> <u>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.</u></p>
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	<i>deleted</i>	(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	(40) In order to reflect the full range of options for the company in cases where actual <u>adverse</u> 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 <u>contractual assurances</u> with the indirect business partner, with a view to achieving

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	code of conduct or a corrective action plan, and conduct appropriate measures to verify compliance of the indirect business relationship with the contract.		code of conduct or a corrective action plan, and conduct appropriate measures to verify compliance of the indirect business relationship partner with the contract.	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 contractual assurances .
Recital 40a				
49a				<u>(40a) When contractual assurances are obtained from an SME that is an indirect business partner, companies should assess whether the contractual assurances should be accompanied by appropriate measures for SMEs. When the SMEs requests to pay part of the cost, or in agreement with the company, the SME should be able to share the results of verification with other companies.</u>
Recital 41				
50	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them 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 bringing actual adverse impacts to an end or	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them 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 bringing actual adverse impacts to an end or	(41) In order to ensure that bringing actual adverse impacts to an end or minimising them 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 bringing to bring	(41) In order to ensure that bringing actual adverse impacts appropriate measures for the bringing to an end or minimising them is of actual adverse impacts are effective, companies should prioritize engagement with business relationships in the value partners in their chain of activities , instead

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	<p>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.</p>	<p>minimising them without success. However, this Directive should also, for cases where actual adverse impacts <u>that a company caused or contributed to</u> could not be brought to an end or adequately mitigated by the described measures<u>measure</u>, <u>and there is no reasonable prospect of change</u>, 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, <u>as a last resort, in line with responsible disengagement</u>, to either— temporarily suspend commercial relationships with the partner in question, while pursuing efforts to bring to an end or minimise the extent of<u>mitigate</u> the adverse impact, or— terminate the business relationship with respect to the activities concerned, if the<u>on account of the severity of the actual</u> adverse impact is considered severe<u>or if the conditions for temporary suspension are not met</u>. In order to allow companies to fulfil that obligation, Member States should provide for the availability of an option to terminate <u>or suspend</u> the business relationship in contracts governed by their laws. <u>In deciding to terminate or suspend a business relationship, the company should assess whether the adverse</u></p>	<p>actual adverse impacts to an end or minimising<u>minimise</u> 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<u>minimised</u> 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<u>business</u> 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 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</p>	<p>of terminating the business relationship, as a last resort action after attempting at bringing to bring actual adverse impacts to an end or minimising them<u>minimise their extent</u> without success. However, this<u>the</u> Directive should also, for cases where actual adverse impacts could not be brought to an end or <u>the extent</u> adequately mitigated by the described<u>minimised by such appropriate</u> measures, refer to the obligation for companies, <u>as a last resort</u>, to refrain from entering into new or extending existing relations with the partner in question and, where <u>there is a reasonable prospect of change, by using or increasing the company's leverage through the temporary suspension of the business relationship with respect to the activities concerned, adopt and implement an enhanced corrective action plan for the specific adverse impact without undue delay including a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners. Factors determining the appropriateness of the timeline for adoption and implementation of these actions could include the severity of the adverse impact, the need to identify</u></p>

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		<p><u>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.</u></p>	<p>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.</p>	<p><u>and take steps to bring to an end or minimise the extent of any additional adverse impacts, as well as impacts on SMEs or smallholders. Companies should the law governing their relations so entitles them to, to either temporarily suspend commercial their business relationships with the business partner, which increases their leverage and increases the chances that the impact is addressed. Where there is no reasonable expectation that these efforts would succeed, for instance, in situations of state-imposed forced labour, or where the implementation of the enhanced corrective action plan failed in question, while pursuing efforts</u> to bring to an end or minimise the extent of the adverse impact, or <u>the company should be required to</u> terminate the business relationship with respect to the activities concerned, if the <u>actual</u> 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. <u>In deciding to terminate or suspend a business relationship, the company should assess whether the adverse impacts of doing so could be</u></p>

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				<i><u>reasonably expected to be manifestly more severe than the adverse impact that could not be brought to an end or the extent of which could not be adequately minimised. Where companies do temporarily suspend 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 bringing to an end adverse impacts at the level of indirect business relationships requires collaboration with another entity. In some instances, collaboration with another company could be the only realistic way of bringing to an end actual adverse impacts at the level of indirect business relationships, in particular, where the indirect business partner is not ready to enter into a contract with the company.</u></i>
	Recital 41a			
6	50a		(41a) In some cases companies should not be obliged to terminate the business relationship. Companies should not be required to terminate the business	<i><u>Deleted</u></i>

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			<p>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 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</p>	

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			<p>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 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.</p>	
Recital 41b				
6 50b		<p><u>(41a) Where a company has caused or contributed to an actual adverse impact, the company should take appropriate measures</u></p>		<p><u>(41a) Where a company has caused or jointly caused an actual adverse impact, the company should provide remediation.</u></p>

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		<p><i><u>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 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.</u></i></p>		<p><i><u>Remediation means restitution of the affected person or persons, communities or environment to a situation equivalent or as close as possible to the situation they would be in had the actual adverse impact not occurred, proportionate to the company's implication in the adverse impact, including financial or non-financial compensation provided by the company to a person or persons affected by the actual adverse impact and, where applicable, reimbursement of the costs incurred by public authorities for any necessary remedial measures. Member States should ensure that stakeholders affected by an adverse impact should not be required to seek remediation prior to filing claims in court. Member States should ensure that, where the company fails to provide remediation in case it has caused or jointly caused the actual adverse impact, the competent supervisory authority has the power, on its own motion or as a result of substantiated concerns communicated to it in accordance with this Directive, to order the company to provide appropriate remediation. This is without prejudice in such situation to the imposition of penalties for the infringement of national provisions</u></i></p>

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				<p><u><i>adopted pursuant to this Directive and to the civil liability being sought before a national court. Where the actual adverse impact is caused only by the company's business partner, voluntary remediation may be provided by the company. The company may also use its ability to influence the business partner causing or jointly causing the adverse impact to enable remediation.</i></u></p>
Recital 41c				
6 50c			<p>(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 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</p>	<p><i>deleted</i></p>

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			<p>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.</p>	
Recital 42				
51	<p>(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’</p>	<p>(42) Companies should provide the possibility for <u>a publicly available and effective notification and non-judicial grievance mechanisms at operational level, that can be used by</u> persons and organisations to submit complaints directly to them <u>notify them of or raise grievances and request remediation</u> in case of legitimate concerns</p>	<p>(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</p>	<p>(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. <u>Persons and</u> organisations who could submit such complaints should include <u>persons who are</u></p>

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	<p>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 are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.</p>	<p>regarding actual or potential human rights and, environmental adverse impacts <u>in the value chain. Persons and</u> –organisations who could submit such complaints<u>grievances</u> should include <u>persons who are affected or have reasonable grounds to believe that they might be affected and their legitimate representatives</u>, trade unions and other workers’ representatives representing individuals working in the value chain concerned and <u>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</u> civil society organisations active in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact, <u>and legal and natural persons defending human rights and the environment</u>. Companies should establish a procedure for dealing with those complaints<u>notifications and grievances</u> and inform workers, trade unions and other workers’ representatives, where relevant, about such processes. Recourse to the complaints and remediation mechanism<u>Companies should provide the possibility of submitting notifications and</u></p>	<p>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<u>chain of activities</u> concerned and civil society organisations active in the areas related to the value chain<u>adverse impact</u> 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, about such processes<u>procedures</u>. 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</p>	<p><u>affected or have reasonable grounds to believe that they might be affected and the legitimate representatives of such persons on behalf of them, such as civil society organisations and human rights defenders</u>; trade unions and other workers’ representatives representing individuals working in the value chain<u>chain of activities</u> concerned; and civil society organisations active <u>and experienced</u> in the areas related to the value chain concerned where they have knowledge about a potential or actual adverse impact<u>environmental adverse impact that is the subject matter of the complaint</u>. Companies should establish a <u>fair, publicly available, accessible, predictable and transparent</u> procedure for dealing with those complaints and inform <u>the relevant</u> workers, trade unions and other workers’ representatives; <u>about such procedures</u>. <u>Companies should also establish an accessible mechanism for the submission of notifications by persons and organisations</u> where relevant, about such processes<u>they have information or concerns regarding actual or potential adverse impacts</u>. <u>In order to reduce the burden on companies, they should be able to</u></p>

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		<p><u><i>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</i></u> should not prevent the complainant <u><i>be a prerequisite nor preclude the person submitting them</i></u> from having recourse <u><i>access to the substantiated concerns procedure nor</i></u> to judicial remedies <u><i>or other non-judicial mechanisms, such as the OECD national contact points where they exist.</i></u> In accordance with international standards, complaints <u><i>persons submitting grievances or notifications, where they do not submit them anonymously,</i></u> should be entitled to request <u><i>receive</i></u> from the company <u><i>timely and</i></u> appropriate follow-up on the complaint and to meet <u><i>and persons submitting grievances should be additionally entitled to engage</i></u> 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, <u><i>to be provided with the reasoning as to whether a grievance has been considered founded or unfounded and provided with information on</i></u></p>	<p>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 or actual severe adverse impacts that are the subject matter of the complaint. This access should not lead to unreasonable solicitations of companies.</p>	<p><u><i>participate in collaborative</i></u> Recourse to the <u><i>complaints procedures and notification mechanisms, such as those established jointly by companies (for example, by a group of companies), through industry associations, multi-stakeholders' initiatives or global framework agreements.</i></u> <u><i>The submission of a notification or complaint</i></u> and remediation mechanism should not prevent the complainant <u><i>be a prerequisite nor preclude the person submitting them</i></u> from having recourse <u><i>access to the substantiated concerns procedure nor</i></u> to judicial remedies <u><i>or other non-judicial mechanisms, such as the OECD national contact points where they exist.</i></u> <u><i>The provisions on the complaints procedure and notification mechanism under this Directive should avoid that this access to a company's representatives leads to unreasonable solicitation.</i></u> -In accordance with international standards, <u><i>persons submitting complaints, where they do not submit them anonymously,</i></u> should be entitled to request from the company appropriate follow-up on the complaint <u><i>timely and appropriate follow-up</i></u> and to meet with the company's representatives</p>

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		<p><u><i>the steps and actions taken, and to request remediation or contribution to remediation.</i></u> This access should not lead to unreasonable solicitations of companies. <u><i>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 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</i></u></p>		<p>at an appropriate level to discuss potential or actual severe adverse impacts that are the subject matter of the complaint <u><i>and potential remediation, to be provided with the reasoning as to whether a complaint has been considered founded or unfounded and, where founded, to be provided with information on the steps and actions taken or to be taken. Companies should also take reasonably available measures to prevent any form of retaliation by ensuring the confidentiality of the identity of the person or organisation submitting the complaint or notification, in accordance with national law. The terms ‘fair, publicly available, accessible, predictable and transparent’-This access should not lead to unreasonable solicitations of 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, as also referred to in the United Nations Committee on the Rights of the Child General Comment No 16. Workers and their representatives should also be properly protected, and any non-judicial remediation</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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.</u></p>		<p><u>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.</u> Companies <u>should ensure accessibility of the notification mechanisms and complaint procedures for stakeholders, taking due account of relevant barriers.</u></p>
Recital 42a				
51a			<p>(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 with the Directive (EU) 2019/1937 of the European Parliament and of the Council¹. 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</p>	<p><u>(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 with the Directive (EU) 2019/1937 of the European Parliament and of the Council¹. 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</u></p>

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			<p>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.</p> <p>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).</p>	<p><u><i>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.</i></u></p> <p><u><i>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).</i></u></p> <p>Text Origin: Council Mandate</p>
Recital 43				
52	<p>(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 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</p>	<p>(43) Companies should monitor<u>continuously verify</u> the implementation and monitor the adequacy and effectiveness of their due diligence measures<u>actions taken in accordance with this Directive</u>. They should carry out periodic assessments of their own operations, <u>products and services</u>, 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, minimisation, bringing to an end, <u>mitigation and remediation</u> and mitigation of human rights – and</p>	<p>(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<u>chains of activities</u> of the company, those of their established business relationships<u>partners</u>, to monitor the effectiveness of the identification, prevention, minimisation<u>mitigation</u>, bringing to an end and mitigation<u>minimisation of the extent</u> of human rights – and environmental adverse impacts.</p>	<p>(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<u>chains of activities</u> of the company, those of their established business relationships, to<u>assess the implementation and to</u> monitor the <u>adequacy and</u> effectiveness of the identification, prevention, minimisation, bringing to an end and mitigation of human rights and environmental adverse impacts.</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p>	<p>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 <u>continuously and after a significant change occurs</u>, and be revised in-between <u>continuously</u> if there are reasonable grounds to believe that significant new risks of adverse impact could have arisen. <u>Companies should retain documentation demonstrating their compliance with this requirement for 10 years.</u></p>	<p>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, 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</p>	<p>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 <u>without undue delay after a significant change occurs, but</u> 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. <u>A significant change should be understood as 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 or its operating context. Examples of a significant change could be the cases when the company starts to operate 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.</u> <u>Reasonable grounds to believe that there are new risks may arise in</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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.</p>	<p><u>different ways, including learning about the adverse impact from publicly available information, through stakeholder engagement, or through notifications. Companies should retain documentation demonstrating their compliance with this requirement for at least 5 years. Such documentation should at least include, where relevant, the identified impacts and in-depth assessments pursuant to Article 6, the prevention and/or corrective action plan pursuant to Articles 7(2)(a) and 8(3)(b)], contractual provisions obtained or contracts concluded pursuant to Articles 7(2)(b),(3) and 8(3)(c),(4), verifications pursuant to Articles 7(4) and 8(5), remediation measures, periodic assessments as part of the company’s monitoring obligation, as well as notifications and complaints. Financial undertakings should carry out periodic assessment only of their own operations, those of their subsidiaries and of their upstream business partners.</u></p>
Recital 44				
53	(44) Like in the existing international standards set by the United Nations Guiding Principles	(44) Like in the existing international standards set by the United Nations Guiding Principles	(44) Like in the existing international standards set by the United Nations Guiding Principles	(44) Like in the existing international standards set by the United Nations Guiding Principles

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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 should publish on their website an annual statement in a language customary in the sphere of international business.</p>	<p>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 <u>as well as Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, for financial undertakings</u>. 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, <u>nor should it introduce any new reporting obligations in addition to those under Regulation (EU) 2019/2088</u>. 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</p>	<p>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 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.</p>	<p>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. <u>Directive 2013/34/EU sets out relevant reporting obligations for the companies covered by this</u> The proposal to amend directive 2013/34/EU as regards corporate sustainability reporting. <u>In addition Regulation (EU) 2019/2088 sets out relevant</u> relevant <u>further</u> reporting obligations <u>on sustainability-related disclosures in the financial services sector, for financial undertakings for the companies covered by this directive</u>. 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. <u>In order to comply with their obligation of communicating as part of the due diligence under this Directive</u>, As regards companies that are <u>should publish on their</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p>Directive, they should publish on their website an annual statement in <i>a language customary in the sphere of international business</i> <u>that is consistent with those requirements in at least one of the official languages of the Union.</u></p>		<p><u>website an annual statement in at least one of the official languages of the Union,</u> within <u>a reasonable period of time, but no later than 12 months after the balance sheet date of the financial year for which the statement is drawn up, unless the company is subject to the sustainability reporting requirements of</u> the scope of this Directive, but do not fall under <u>2013/34/EU. In cases where a company is not required to report in accordance with articles 19a or 29a of the</u> Directive 2013/34/EU, in order to comply with their obligation of communicating as part <u>the statement should be published by the date of publication of the annual financial statements.</u></p> <p><u>The annual statement should be submitted to the designated collection body for the purpose of making it accessible on the European Single Access Point (ESAP) as established by Regulation (EU) 2023/2859 . In order to ensure uniform conditions for the implementation</u> of the due diligence under this Directive, the <u>rules on accessibility of information on the ESAP, implementing powers</u> should publish on their website an annual statement in a language customary in the sphere of international</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><i><u>business</u> be conferred on the Commission. To enhance legal certainty, the Annex to Regulation (EU) 2023/2859 should be amended by introducing the reference to this Directive.</i></p>
Recital 44a				
53a		<p><i><u>(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 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</u></i></p>		<p><i><u>(44a) The requirement 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 to 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.</u></i></p> <p>Text Origin: EP Mandate</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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.</u></p>		
Recital 44b				
53b		<p><u>(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 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</u></p>		<p><u>(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 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</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.</u></p>		<p><u>Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.</u></p> <p>Text Origin: EP Mandate</p>
Recital 44c				
53c		<p><u>(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 society organisations or legal or natural persons defending human rights or the environment in order to gain credible insights into</u></p>		<p><u>44c In order to conduct meaningful human rights and environmental due diligence, companies should take appropriate measures to carry out effective engagement with stakeholders, for the process of carrying out the due diligence actions. Without prejudice to Directive (EU) 2016/943, effective engagement should cover providing consulted stakeholders with relevant and comprehensive information, as well as ongoing consultation that allows for genuine interaction and dialogue at the appropriate level, such as project or site level and with appropriate periodicity . Meaningful engagement with consulted 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</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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 representatives should be informed by their company about its due diligence strategy and its implementation, in accordance</u></p>		<p><u>stakeholders, and to overlapping vulnerabilities and intersecting factors, including by taking into account potentially affected groups or communities, for example those protected under the United Nations Declaration on the Rights of Indigenous People and those covered in the United Nations Declaration on Human Rights Defenders. There are situations in which it will not be possible to carry out meaningful engagement with consulted stakeholders, or where engagement with additional expert perspectives is useful to allow the company to comply fully with the requirements of this Directive. In these cases, companies should additionally consult with experts, such as civil 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. The consultation of employees and their representatives should be conducted in accordance with relevant EU law, where applicable, national law and collective agreements 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</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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.</u></p> <p><u>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 (QJ L 80, 23.3.2002, p. 29).</u></p> <p><u>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</u></p>		<p><u>employment and social rights, including Directive 2002/14/EC, Directive 2009/38/EC and Directive 2001/86/EC.</u></p> <p><u>For the purposes of this Directive, employees should be understood as including temporary agency workers, and other workers in non-standard forms of employment provided that they fulfil the criteria for determining the status of a worker established by the Court of Justice.</u></p> <p><u>When carrying out consultations, it should be possible for companies to rely on industry initiatives to the extent that such schemes are appropriate to support effective engagement. The use of industry and multi-stakeholder initiatives is not in itself sufficient to fulfil the obligation to consult workers and their representatives.</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u><i>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).</i></u> <u><i>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).</i></u></p>		
Recital 44d				
6 53d		<p><u><i>(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.</i></u></p>		deleted
Recital 45				
6 54	<p>(45) In order to facilitate companies' compliance with their due diligence requirements through their value chain and limiting shifting compliance burden on SME business partners, the Commission should provide guidance on model contractual clauses.</p>	<p>(45) In order to <u><i>facilitate give</i></u> companies' <i>compliance tools to help them comply</i> with their due diligence requirements through their value chain, <u><i>the Commission, in consultation with Member States and relevant stakeholders, should provide guidance on model</i></u></p>	<p>(45) In order to facilitate companies' compliance with their due diligence requirements through their <i>value chain</i> chain of activities and limiting shifting compliance burden on SME business partners, the Commission should provide guidance on model contractual</p>	<p>(45) In order to <u><i>facilitate give</i></u> companies' <i>compliance tools to help them comply</i> with their due diligence requirements through their <i>value chain and limiting shifting compliance burden on SME business partners, the</i> <u><i>Commission of activities the</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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</u> avoid terminating such clauses by first taking appropriate measures in line with Articles 7 and 8 of this Directive. The guidance on models 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 responsible purchasing practices.</p>	<p>clauses, after having consulted with Member States and relevant stakeholders.</p>	<p><u>Commission, in consultation with Member States and stakeholders,</u> should provide guidance on model contractual clauses, <u>which can be used voluntarily by companies as a tool to help fulfil their obligations in Articles 7 and 8. The guidance should aim to facilitate a clear allocation of tasks between contracting parties and ongoing cooperation, in a way that avoids the transfer of the obligations of this Directive to a business partner and automatically rendering the contract void in case of a breach. The guidance should reflect the principle that the mere use of contractual assurances cannot, on its own, satisfy the due diligence standards of this Directive.</u></p>

Recital 46

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
55	<p>(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.</p>	<p>(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, <u>the European cross-industry and sectoral social partners and other relevant and stakeholders, including civil society organisations,</u> the European Union Agency for Fundamental Rights, the European Environment Agency, <u>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,</u> and where appropriate with <u>the OECD and other</u> international bodies having expertise in due diligence, should have the possibility to issue <u>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.</u></p>	<p>(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.</p>	<p>(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 <u>in a practical manner, and to provide support to stakeholders,</u> 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, <u>the European Labour Authority,</u> and where appropriate with international <u>organisations and other</u> bodies having expertise in due diligence, should have the possibility to issue guidelines, including <u>general guidelines and</u> for specific sectors or specific adverse impacts <u>and the interplay of this Directive and other Union legislative acts pursuing the same objectives and providing for more extensive or more specific obligations.</u></p>
Recital 46a				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
55a		<p><u><i>(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.</i></u></p>		<p><u><i>(46a) Digital tools and technologies, such as those used for tracking, surveillance or tracing raw materials, goods and products throughout value chains (for instance satellites, drones, radars, or platform-based solutions) could support and reduce the cost of data gathering for value chain management, including the identification and assessment of adverse impacts, prevention and mitigation, and monitoring of the effectiveness of due diligence measures. In order to help companies fulfilling their due diligence obligations along their value chain, the use of such tools and technologies should be encouraged and promoted. To this end, the Commission should issue guidelines with useful information and references to appropriate resources. When using digital tools and technologies, companies should take into account and appropriately address possible risks associated therewith, and put in place mechanisms to verify the appropriateness of the information obtained.</i></u></p>
Recital 47				
56				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>(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 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.</p>	<p>(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, <u>with the support of the Commission</u>, should set up and operate, either individually or jointly, dedicated <u>user-friendly</u> websites, portals or platforms, and Member States could<u>should</u> also financially support SMEs and help them build capacity. Such support should also 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 <u>and use fair, reasonable, non-discriminatory and proportionate</u>, 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<u>vis-a-vis the SMEs. SMEs should also have the possibility to apply this Directive on</u></p>	<p>(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 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.</p>	<p>(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, <u>with the support of the Commission</u>, should set up and operate, either individually or jointly, dedicated <u>user-friendly</u> websites, portals or platforms, <u>to provide information and support to companies</u>, and Member States could also financially support SMEs and help them build capacity. Such support should<u>could</u> also 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 the viability of the SME and use fair, reasonable, non-discriminatory and proportionate requirements vis-a-vis the SMEs.</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<i><u>a voluntary basis and should for that purpose be supported through adequate measures and tools, and be incentivised.</u></i>		
Recital 47a				
56a				<i><u>(47a) The Commission should establish a single helpdesk on corporate sustainability due diligence. This single helpdesk should be able to collaborate and request information from relevant national authorities in each Member State, including national helpdesks where they exist, for instance to assist in tailoring the information and guidance to national contexts and its dissemination, without prejudice to the allocation of functions and powers among the authorities within national systems. The Single helpdesk and relevant national authorities should also liaise with each other to ensure cross-border cooperation.</u></i>
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	(48) In order to complement Member State support to <u>companies in their implementation, including</u> SMEs, the Commission may <u>should</u> build on existing EU tools, projects	(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	(48) In order to complement Member State support to <u>companies, in their implementation, including</u> SMEs, the Commission may build on

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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 initiatives.	and other actions helping with the due diligence implementation in the EU and in third countries. It may <i>should</i> 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 initiatives.	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 facilitation of joint stakeholder initiatives.	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 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	(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, <u>including Free Trade Agreements</u> , to support third country governments and upstream economic operators in third countries addressing adverse human rights and environmental impacts of their operations and upstream	(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	(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. <u>The Union and Member States within their respective competences are encouraged to</u> They should use their neighbourhood, development and international cooperation instruments, <u>including trade</u>

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	include working with partner country governments, the local private sector and stakeholders on addressing the root causes of adverse human rights and environmental impacts.	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.	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.	<u>agreements</u> , 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.
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 <u>in consultation with stakeholders</u> adopt <u>and implement a transition plan in line with the reporting requirements in Article 19a of Directive (EU) 2022/2464 (CSRD)</u> a plan to ensure that the business model and strategy of the company are <u>compatible</u> aligned with the <u>objectives of the</u> 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	(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.	(50) <u>This Directive is an important legislative tool to ensure corporate transition to a sustainable economy, including to reduce the existential harms and costs of climate change, to ensure alignment with global net zero by 2050, to avoid any misleading claims regarding such alignment and to stop greenwashing, disinformation and fossil fuels expansion worldwide</u> in order to <u>achieve international and European climate objectives. In order to</u> ensure that this Directive effectively contributes to combating climate change, companies should adopt <u>and put into effect a transition plan for climate change mitigation which aims</u> a plan to

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><i>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, 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</i></p>		<p>ensure, <u>through best efforts</u>, 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 <u>and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119, including its intermediate and 2050 climate is-or neutrality targets, and where relevant, the exposure of the undertaking to coal-, oil- and gas-related activities.</u></p> <p><u>The transition plan aiming to ensure these goals through best efforts should be understood as an obligation of means and not of results.</u></p> <p><u>The plan should include time-bound targets related to their climate objectives for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence and where appropriate, absolute emission reduction targets for greenhouse gas for scope 1, scope 2 and scope 3.</u></p> <p><u>The plans should develop implementing actions to achieve have been identified as a principal risk for or a principal impact of the company's operations, the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>Scientific Advisory Board on Climate Change.</u></p>		<p>company <u>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.</u></p> <p><u>Supervisory authorities</u> should include emissions reduction objectives in its plan <u>be required to at least supervise the adoption and design of the plan and the updates thereof, in accordance with the requirements laid down in this Directive.</u></p> <p><u>Since the content of the transition plan for climate change mitigation should be in line with the reporting requirements under Directive 2013/34/EU as regards corporate sustainability reporting, companies that report such a plan under Directive 2013/34/EU should be deemed to have complied with the specific obligation to adopt a plan under this Directive. While the adoption obligation will be</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><i>considered to have been met, companies still have to abide by their obligation to put this transition plan into effect and to update it every 12 months to assess progress towards its the targets.</i></p>
Recital 51				
60	<p>(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 company's business strategy and long-term interests and sustainability.</p>	<p>(51) With a view <u>Transition plans should include clear obligations for directors and board members</u> to ensure that such emission reduction plan is properly implemented and embedded <u>environmental and climate risks and impacts are addressed</u> in the <u>company's strategy. With a view to increasing the</u> financial incentives of directors, the plan <u>companies with more than 1000 employees on average</u> should be duly taken into account when setting directors' variable remuneration, if <u>have a relevant and effective policy in place to ensure that a part of the directors'</u> 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 <u>transition plan for combating climate change.</u></p>	<p><i>deleted</i></p>	<p>(51) With a view to ensure that such emission reduction plan is properly implemented and embedded in the financial incentives of directors, <u>companies with more than 1000 employees on average, calculated within the reference period relevant for the scope of application of this Directive, should have an appropriate policy in order to promote the implementation of the transition plan for climate change mitigation including through, among others, financial incentives to members of the administrative, management or supervisory bodies concerned</u> 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 company's business strategy and long-term interests and sustainability.</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Recital 52			
61	<p>(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.</p>	<p>(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.</p>	<p>(52) In order to allow for the effective oversight of and, where necessary, enforcement of this Directive in relation to thosethird-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 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</p>	<p>(52) In order to allow for the effective oversight of and, where necessary, enforcement of this Directive in relation to thosethird-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 <u>a</u> point of contact, provided the relevant requirements of this Directive are complied with. <u><i>If the third-country company does not designate the authorised 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</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			Network of Supervisory Authorities so that other Member States do not enforce them.	<u><i>Supervisory Authorities so that other Member States do not enforce them.</i></u>
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 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	(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 competent authority. They should be entitled to carry out investigations, <u><i>including, where appropriate, on-site inspections and hearing of relevant stakeholders,</i></u> on their own initiative or based on <u><i>complaints/grievances</i></u> 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	(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 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	(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 <u><i>from</i></u> conflicts of interest <u><i>and external influence, whether direct or indirect. In order to exercise their powers impartially, these supervisory authorities should neither seek nor take instructions from anybody.</i></u> In accordance with national law, Member States should ensure appropriate financing of the competent authority <u><i>that each supervisory authority is provided with the human and financial resources necessary for the effective performance of its tasks and exercise of its powers.</i></u> They should be entitled to carry out investigations, on their own

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>authorities for the purposes of this Directive.</p>	<p>could designate authorities for the supervision of regulated financial undertaking also as supervisory authorities for the purposes of this Directive. <u>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.</u></p>	<p>authorities for the purposes of this Directive.</p>	<p>initiative or based on complaints or substantiated concerns raised under this Directive. <u>These investigations can include, where appropriate, on site inspections and the hearing of relevant stakeholders.</u> 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. <u>Supervisory authorities should publish and make available on a website an annual report on their past activities, including the most serious breaches identified.</u> <u>Member States should establish an accessible mechanism for receiving substantiated concerns, free of charge or with a fee limited to covering administrative costs only, and ensure that practical information is made available to the public on how to exercise this right.</u> They could designate authorities for the supervision of regulated financial undertaking also as supervisory authorities for the purposes of this Directive.</p>
Recital 54				
63	<p>(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for</p>	<p>(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for</p>	<p>(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for</p>	<p>(54) In order to ensure effective enforcement of national measures implementing this Directive, Member States should provide for</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p>	<p>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, <u>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</u>. 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.</p>	<p>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</p>	<p>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. <i>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</i> penalties and a public statement indicating the company responsible and the nature of the infringement if the company fails to comply with decision imposing a pecuniary penalty within the applicable timeframe. This penalties regime is without prejudice to the power to withdraw and to prohibit the placing, making available on the market and export of products under other Union legislative acts providing for more extensive or more specific due diligence obligations, such as the Deforestation Regulation. Member States should ensure that the sanction is initiated by the</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>oversight of 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 Council¹. The publication of the company's name is allowed even if it contains a name of a natural person.</p> <p><small>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).</small></p>	<p>competent supervisory authority and pecuniary penalty <u>is commensurate to the company's worldwide net turnover when being imposed.</u> <u>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 States by the judicial authority. Therefore, it is necessary that those Member States ensure that the should decide in accordance with the national law, whether the penalties should be imposed directly by supervisory authorities, in collaboration with other authorities or by application to the competent judicial authorities.</u> <u>In order to ensure public oversight of the application of the rules and sanctions has an equivalent effect to the administrative sanctions set out in this Directive, the decisions of the supervisory authorities containing penalties imposed by the competent on companies due to failure to comply with the provisions of national law implementing this Directive should be published, sent to the European Network</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>of Supervisory Authorities and remain publicly available for at least 3 years.</u></p> <p><u>The published decision should not contain any personal data in accordance with the Regulation (EU) 2016/679 of the European Parliament and of the Council'. The publication of the company's name is allowed even if it contains a name of a natural person.</u></p>
Recital 54a				
63a		<p><u>(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.</u></p>		<p><u>(54a) In order to prevent an artificial reduction of potential administrative fines, Member States should ensure that, when imposing a pecuniary penalty to a company belonging to a group, pecuniary penalties are calculated taking into account the consolidated turnover calculated at the level of the ultimate parent company.</u></p>
Recital 54b				
63b		<p><u>(54b) Under Article 18(2) of Directive 2014/24/EU, Article 36(2) of Directive 2014/25/EU and Article 30(3) of Directive</u></p>		<p>deleted</p>

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		<p><u><i>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 throughout procurement and concession processes, from selection to performance of the contract.</i></u></p>		
Recital 55				
64	<p>(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.</p>	<p>(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.</p>	<p>(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.</p>	<p>(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.</p>
Recital 56				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
65	<p>(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 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.</p>	<p>(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 impacts to an end and minimise their extent <u>mitigate them, or provide remediation</u>, and as a result of this failure <u>the company caused or contributed to</u> an adverse impact that should have been identified, <u>prioritised</u>, prevented, mitigated, brought to an end, <u>remediated</u> or its extent minimised through the appropriate measures occurred, and led to damage. <u>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</u></p>	<p>(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 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 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</p>	<p>(56) In order to ensure effective compensation of that victims of adverse impacts <u>have effective access to justice and compensation</u>, 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 <u>caused to a natural or legal person, under the condition that</u> the company should be liable for damages if they <u>intentionally or negligently</u> 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 <u>such a failure 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</u> adverse</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>company in conducting due diligence.</u></p>	<p>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 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.</p>	<p>impact that should have been identified, prevented, mitigated, brought to an end or its extent minimised through the appropriate measures addressed, is aimed to <u>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 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 within the meaning of civil liability is not regulated by this Directive, with the exception that the companies should not be held liable under this Directive if the damage is caused only by the business partners in the companies' chains of activities (so called 'being directly linked to'). Victims should have the right to full compensation for the damage occurred in accordance with national law and in line with such</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			Deterrence through damages (i. e. punitive damages) or any other form of overcompensation should be prohibited.	<u>common principle. Deterrence through damages (i. e. punitive damages) or any other form of overcompensation should be prohibited and led to damage.</u>
Recital 57				
66	<p>(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. 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</p>	<p>(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. 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 <u>should</u> be taken of the company's efforts, insofar as they relate directly to the damage in question, to comply with any <u>take</u> remedial action, <u>including that</u> required of them by a supervisory authority, any investments made and any targeted support provided as well as any collaboration with <u>affected stakeholders and</u> other</p>	<p>(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 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,</p>	<p>(57) As regards damages occurring at the level of established indirect business relationships, the liability of the company <u>the adverse impacts</u> should be subject to specific conditions. The company should not be liable <u>prioritised according to their severity and likelihood and addressed gradually, if it carried out specific due diligence measures. 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</u> <u>is not possible to address all identified adverse impacts at the same time to the full extent, a company should not be liable under this Directive for any damage stemming from any less</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	address adverse impacts in its value chains.	entities to address adverse impacts in its value chains.	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 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.	<u>significant adverse impacts that were not yet addressed.</u> 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 <u>address prioritisation of adverse impacts should, however, be 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</u> adverse impacts in its value chains.
Recital 57a				
66a		<u>(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</u>		<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<i>adverse impact, a company should not be held liable if an adverse impact arises from an activity or operation that was legitimately not prioritised.</i>		
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 <i>however Member States may foresee in their national law that where a claimant provides prima facie elements substantiating the 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.</i>	(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 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.	(58) The liability regime does not regulate who should prove that the company's action was reasonably adequate <i>the fulfilment of the conditions for liability</i> under the circumstances of the case, <i>or under which conditions the civil proceeding can be initiated,</i> therefore this question is <i>these questions are</i> left to national law.
Recital 58a				
67a				<i>(58a) In order to ensure the right to an effective remedy, as enshrined in Article 2(3) of the International Covenant on Civil and Political Rights, Article 8 of</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><i><u>the Universal Declaration of Human Rights and Article 9(3) of the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters, this Directive addresses some practical and procedural barriers to justice for victims of adverse impacts, including difficulties in accessing evidence, limited duration of limitation periods, the absence of adequate mechanisms for representative actions, and prohibitive costs of civil liability proceedings.</u></i></p>
Recital 58b				
67b				<p><i><u>(58b) When a claimant presents a reasoned justification containing reasonably available facts and evidence sufficient to support the plausibility of its claim for damage and indicate that additional evidence lies in the control of the company, Member States should ensure that courts can order that such evidence be disclosed by the company in accordance with national procedural law, while limiting such disclosure to that which is necessary and proportionate. For this purpose, national courts should consider the</u></i></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>extent to which the claim or defence is supported by available facts and evidence justifying the disclosure request; the scope and cost of disclosure as well as the legitimate interests of all parties concerned, including preventing non-specific searches for information which is unlikely to be of relevance for the parties in the procedure. Where such evidence contains confidential information, national courts should be able to order its disclosure only where they consider it relevant to the action for damages and put in place effective measures to protect such information.</u></p>
Recital 58c				
67c				<p><u>(58c) Member States should provide for the reasonable conditions under which any alleged injured party should be able to authorise a trade union, a non-governmental human rights or environmental organisation or other non-governmental organisation, and, according to national law, national human rights' institutions, based in any Member State to bring civil liability actions to enforce victims' rights in its own capacity, where such entities comply with the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>requirements laid down in national law, for instance, where they maintain a permanent presence of their own and, in accordance with their statutes, are not engaged commercially and not only temporarily in the realisation of rights protected under this Directive or the corresponding rights in national law.</u>
	Recital 58d			
67d				<u>(58d) Limitation periods for bringing civil liability claims for damages should be at least five years and, in any case, not lower than the limitation period laid down under general civil liability national regimes. National rules on the beginning, duration, suspension or interruption of limitation periods should not unduly hamper the bringing of actions for damages and, in any case, should not be less than the rules on general civil liability national regimes.</u>
	Recital 58e			
67e				<u>(58e) Moreover, in order to ensure legal remedies, claimants should be able to seek injunctive measures in the form of a definitive or</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>provisional measure to cease infringements of the national provisions adopted pursuant to this Directive by performing an action or ceasing a conduct.</u></p>
Recital 59				
68	<p>(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.</p>	<p>(59) As regards civil liability rules, the civil liability of a company for damages <u>that it has caused or contributed to</u> 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. <u>not limit companies' liability under Union or national legal systems, including rules on joint and several liability</u></p>	<p>(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. 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</p>	<p>(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 <u>chain of activities. When the company caused the damage jointly with its subsidiary or business partner, it should be without prejudice to Union or jointly and severally liable with this respective subsidiary or business partner. This should be in accordance with 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</u> <u>law on the conditions of joint and several liability, and without prejudice to any Union or national law on joint</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			one jointly and severally liable party.	<u>and several liability, and on rights of recourse for the full compensation paid by one jointly and severally liable party.</u>
Recital 59a				
68a		<u>(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 costs and the length of the proceedings do not prevent them</u>	(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.	<u>(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.</u> <u>A stricter liability regime should also be understood as a civil liability regime that provides for liability also in cases where the application of the liability rules under this Directive would not result in the liability of the company.</u> Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>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.</u>		
Recital 59b				
6	68b			<i>deleted</i>
Recital 59c				
6	68c	<u>(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.</u>		<u>deleted</u>
Recital 59d				
6	68d	<u>(59c) Limitation periods for bringing civil liability claims for</u>		<u>deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<i><u>damages should be at least ten years. When setting the starting point of such limitation periods, Member States should consider 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.</u></i>		Text Origin: EP Mandate
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.	(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. Text Origin: Commission Proposal
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	(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	(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	(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 <u>damage caused when the company intentionally or negligently failed</u> to comply with the due diligence obligations

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	<p>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 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.</p>	<p>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 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.</p>	<p>Directive, eventhis 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 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 StateStates' public interests, such</p>	<p>stemming from this Directive, even<u>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</u> where the law applicable to such <u>claims to that effect</u> 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.</p> <p><u>This means that the Member States to should also ensure that the liability provided for in provisions of national law transposing this Article is requirements as regards which natural or legal person can bring the claim, the statute of limitations and the disclosure of evidence are</u> of overriding mandatory application.</p> <p><u>When transposing the civil liability regime provided for in this Directive and choosing the methods to achieve such results, Member States can also take into account all related national rules to the extent they are necessary to ensure the protection of victims and crucial for safeguarding the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement	
			as its political, social or economic organisation.	<i>eases where the law applicable to claims to that effect is not the law of a Member State</i> States' <u>public interests, such as its political, social or economic organisation.</u> Text Origin: Council Mandate	
Recital 62					
6	71	(62) The civil liability regime under this Directive should be without 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.	(62) The civil liability regime under this Directive should be without 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.	(62) The civil liability regime under this Directive should be without prejudice to the Environmental Liability Directive 2004/35/EC Directive 2004/35/EC of the European Parliament and of the Council¹ . 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).	(62) The civil liability regime under this Directive should be without prejudice to the Environmental Liability Directive 2004/35/EC Directive 2004/35/EC of the European Parliament and of the Council¹ . 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 . <u>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).</u> Text Origin: Council Mandate
Recital 63					
6	72	(63) In all Member States' national laws, directors owe a duty of care to	(63) In all Member States' national laws, directors owe a duty of care to	(63) In all Member States' national laws, directors owe a duty of care to Member States should ensure that	

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	<p>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 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.</p>	<p>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 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.</p>	<p>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 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 Council¹, Directive 2014/25/EU of the European Parliament and of the Council² and Directive 2014/23/EU of the European Parliament and of the Council³. 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</p>	<p><u><i>compliance with the obligations resulting from the 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 measures transposing this Directive, or their voluntary implementation, qualifies as an environmental and/or social aspect or element that contracting authorities may, in accordance with the Directive 2014/24/EU of the European Parliament and of the Council¹, Directive 2014/25/EU of the European Parliament and of the Council² and Directive 2014/23/EU of the European Parliament and of the Council³, 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 as part of the award criteria for public and concession contracts or lay down in relation to the performance of such contracts. Contracting authorities and contracting entities may exclude or may be required by Member States to exclude from participation in a procurement procedure, including a concession award procedure, where applicable, any economic</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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 questionable.</p> <p>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).</p> <p>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).</p> <p>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).</p>	<p><u><i>operator where they can demonstrate by any appropriate means a violation of applicable obligations</i></u> in the <i>best interest of the company, by laying down that directors take into account the 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</i><u>fields of environmental, social and labour law, including 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 questionable.</u></p> <p><u><i>To ensure coherence within EU legislation and support implementation, the Commission should consider whether it is relevant to update any of these directives, in particular with regards to the requirements and measures Member States are to adopt to ensure compliance with the sustainability and due diligence obligations throughout</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>procurement and concession processes.</u>
Recital 64				
6	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.	<i>deleted</i>
Recital 65				
6	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	(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	(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 <u>national measures transposing</u>

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	<p>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 Council¹ should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches.</p> <p>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).</p>	<p>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 Council¹ should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches.</p> <p>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).</p>	<p>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[†] should therefore apply to the reporting of all breaches of this Directive and to the protection of persons reporting such breaches.</p> <p>[†] 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).</p>	<p>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[†] should therefore apply to the reporting of all breaches of <u>the national measures transposing</u> this Directive and to the protection of persons reporting such breaches.</p> <p>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).</p>
	Recital 65a			
6 74a				<p><u>(65a) To enhance legal certainty, the applicability, pursuant to this Directive, of Directive (EU) 2019/1937 to reports of breaches of the national measures transposing this Directive and to the protection of persons reporting such breaches, should be reflected in that Directive (EU) 2019/1937. The Annex to Directive (EU) 2019/1937 should therefore be amended accordingly. It is for the Member States to ensure that that amendment is reflected in their transposition measures adopted in</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>accordance with Directive (EU) 2019/1937.</u>
Recital 65b				
6	74b	<u>(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, and have been threatened, intimidated, persecuted, harassed or even murdered. Companies should therefore not expose them to any kind of violence.</u>		<u>Deleted</u>
Recital 66				
6	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	(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	(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

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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-Making¹. 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.</p> <p>¹. OJ L 123, 12.5.2016, p. 1.</p>	<p>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-Making¹. 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.</p> <p>¹. OJ L 123, 12.5.2016, p. 1.</p>	<p>information on the description of due diligence, potential and actual impacts and actions taken onwith 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 April 2016 on Better Law-Making¹. 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.</p> <p>¹. [1] OJ L 123, 12.5.2016, p. 1.</p>	<p>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-Making¹. 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.</p> <p>¹. OJ L 123, 12.5.2016, p. 1.</p> <p>Text Origin: Commission Proposal</p>
Recital 67				
6	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	(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	(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

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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</p> <p style="text-align: right;">of the</p> <p>European Parliament and of the Council¹, including the requirements of purpose limitation, data minimisation and storage limitation.</p> <p>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. 1–88.</p>	<p>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</p> <p style="text-align: right;">of the</p> <p>European Parliament and of the Council¹, including the requirements of purpose limitation, data minimisation and storage limitation.</p> <p>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. 1–88.</p>	<p>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</p> <p style="text-align: right;">of the</p> <p>European Parliament and of the Council¹, including the requirements of purpose limitation, data minimisation and storage limitation.</p> <p>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. 1–88.</p>	<p>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</p> <p style="text-align: right;">of the</p> <p><i>European Parliament and of the Council¹</i>, including the requirements of purpose limitation, data minimisation and storage limitation.</p> <p><i>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. 1–88.</i></p> <p style="background-color: #e0e0e0;">Text Origin: Council Mandate</p>
Recital 68				
77	<p>(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 Council¹ and delivered an opinion on ... 2022.</p> <p>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</p>	<p>(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 Council¹ and delivered an opinion on ... 2022.</p> <p>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</p>	<p>(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 Council¹ and delivered an opinion on ... 2022.</p> <p>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</p>	<p>(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 Council¹ and delivered an opinion on ... 2022.</p> <p>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</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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).	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).	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).	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). Text Origin: Commission Proposal
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 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.	(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 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, <u>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.</u>	<i>deleted</i>	(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 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. Deleted
Recital 70				
79				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>(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 impacts.</p>	<p>(70) The Commission should assess and report whether new sectors<u>the scope of the Directive</u> should be added to the list of high-impact<u>lowered, in particular for certain</u> 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 <u>data or</u> 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 impacts<u>including data from the EBRD, ILO or FRA.</u></p>	<p>(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 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</p>	<p>(70) The Commission should assess and report whether new sectors<u>periodically report to the European Parliament and to the Council on the implementation of the Directive and its effectiveness in reaching its objectives, in particular in addressing adverse impacts.</u></p> <p><u>The first report</u> should be added to the list of high-impact sectors<u>cover, among others, the impacts of the Directive on SMEs, the scope of application of this Directive in terms of the companies covered, whether it is necessary to change the list of high-impact sectors, including</u> by this Directive, in order to align it to guidance from the Organisation for Economic Cooperation and Development or<u>and</u> in light of clear evidence on labour exploitation, human rights violations or newly emerging environmental <u>and climate</u> threats, whether the <u>definition of ‘chain of activities’ needs to be revised, whether Annex I needs to be modified and the</u> list of relevant international conventions referred to in this Directive should</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>regulated financial undertakings, needs to be revised.</p>	<p>be amended, in particular in the light of international developments, or<u>whether</u> <u>the rules on combatting climate change and the powers of supervisory authorities related to these rules need to be revised, the effectiveness of the enforcement mechanisms put in place at national level, of the penalties and the rules on civil liability, and</u> whether <u>changes to the level of harmonisation of this Directive are required to ensure a level-playing field for companies in the internal market.</u></p> <p><u>At the earliest possible opportunity after the date of entry into force of this Directive, but no later than two years after that date, the Commission should also submit a report to the European Parliament and to the Council on the necessity to lay down additional sustainability the provisions on due diligence under this requirements tailored to regulated financial undertakings with respect to the provision of financial services and investment activities, and the options for such due diligence requirements as</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><i>well as their impacts, in line with the objectives of this Directive, while taking into account other Union legislative acts that apply to regulated financial undertakings. It should be extended to adverse climate impacts accompanied, if appropriate, by a legislative proposal.</i></p>
Recital 71				
80	<p>(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 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</p>	<p>(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 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</p>	<p>(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 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</p>	<p>(71) <u>Since</u> 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 <u>of activities</u>, cannot be sufficiently achieved by the Member States acting individually or in an uncoordinated manner, but can 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</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	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.	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.	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. <small>Text Origin: Council Mandate</small>
Formula				
6	81			HAVE ADOPTED THIS DIRECTIVE: <small>Text Origin: Commission Proposal</small>
Article 1				
6	82			Article 1 Subject matter <small>Text Origin: Commission Proposal</small>
Article 1(1), first subparagraph				
6	83			1. This Directive lays down rules

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			1. This Directive lays down rules on	1. This Directive lays down rules <u>on</u> Text Origin: Council Mandate
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 <u>that they caused, contributed to or are directly linked to</u> , with respect to their own operations, the operations <u>and those</u> of their subsidiaries, and the value chain operations carried out by entities <u>in their value chain</u> 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, 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 business partners in companies' chains of activities;	(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 <u>business partners in companies' chains of activities;</u> Text Origin: Council Mandate
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-; <u>which led to damage;</u>	(b) on liability for violations of the obligations mentioned above-; and	(b) on liability for violations of the obligations mentioned above-; <u>and</u> Text Origin: Council Mandate
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	<u>(c) obligation to adopt and put into effect a transition plan for climate change mitigation which aims to ensure, through best efforts,</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			sustainable economy and with the limiting of global warming to 1.5 °C.	<u>compatibility of the 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.</u>
Article 1(1), second subparagraph				
86	The nature of business relationships as ‘established’ shall be reassessed periodically, and at least every 12 months.	<i>deleted</i>	<i>deleted</i>	<i>deleted</i>
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, <u>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</u> , 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.	2. This Directive shall not constitute grounds for reducing the level of protection of human, <u>employment and social</u> rights, or of protection of the environment or the protection of the climate provided for by the law of Member States, <u>or applicable collective agreements</u> 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	3. This Directive shall be without prejudice to obligations in the areas of human rights, protection of the	3. This Directive shall be without prejudice to obligations in the areas of human rights, protection of the	3. This Directive shall be without prejudice to obligations in the areas of human, <u>employment and social</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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 shall prevail to the extent of the conflict and shall apply to those specific obligations.	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 shall prevail to the extent of the conflict and shall apply to those specific obligations.	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 shall prevail to the extent of the conflict and shall apply to those specific obligations.	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 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 Scope Text Origin: Commission Proposal
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:	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: Text Origin: Commission Proposal
Article 2(1), point (a)				
91				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(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 <u>250</u> employees on average and had a net worldwide turnover of more than EUR 150 <u>40</u> 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;	(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	(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 <u>(a) but is the ultimate parent company of a group that had 500 employees and</u> a net worldwide turnover of more than EUR 40 <u>150</u> 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:	(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 <u>(a) but is the ultimate parent company of a group that reaches the thresholds</u> in the last financial year for which <u>consolidated</u> 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: or should have been adopted;
Article 2(1), point (ba)				
92a				<u>(ba) the company entered into or is the ultimate parent company of a group that entered into franchising or licensing agreements in the</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>Union in return for royalties with independent third-party companies, where these agreements ensure a common identity, a common business concept and the application of uniform business methods, and where these royalties amount to more than EUR 7.5 million in the last financial year for which annual financial statements have been or should have been adopted, and provided that the company had or is the ultimate parent company of a group that had a net worldwide turnover of more than EUR 40 million in the last financial year for which annual financial statements have been or should have been adopted;</u></p>
Article 2(1), point (bb)				
92b				<p><u>(bb) 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 or should have been adopted, provided that at least EUR 20 million was generated in one or more of the following sectors associated with the applicable statistical</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>classification of economic activities established by Regulation (EC) No 1893/2006 and listed in Annex II:</u>
Article 2(1), point (bb)(i)				
6	93 (i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;	<i>deleted</i>	(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear;	(i) the manufacture of textiles, leather and related products (including footwear), and the wholesale trade of textiles, clothing and footwear; Text Origin: Council Mandate
Article 2(1), point (bb)(ii)				
6	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;	<i>deleted</i>	(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	(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 Text Origin: Council Mandate
Article 2(1), point (bb)(iii)				
6	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	<i>deleted</i>	(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	(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

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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).		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).	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). Text Origin: Council Mandate
Article 2(1), point (bb)(iia)				
6	95a			(iia) <u>construction.</u>
Article 2(2)				
6	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: Text Origin: Commission Proposal
Article 2(2), point (a)				
6	97	(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year;	(a) <u>the company</u> generated a net <u>worldwide</u> turnover of more than EUR 150 million, <u>provided that at least EUR 40 million was generated</u> in the Union in the	(a) generated a net turnover of more than EUR 150 million in the Union in the financial year preceding the last financial year; or

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		financial year preceding the last financial year, <u>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;</u>		Text Origin: Council Mandate
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 <u>the company did not reach the thresholds under (a) but is the ultimate parent company of a group that had 500 employees and</u> a net <u>worldwide</u> turnover of more than EUR 40 <u>150</u> million but not more than EUR 150 million <u>and at least 40 million was generated</u> in the Union in the <u>last</u> financial year preceding the last <u>for which annual</u> 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) <u>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.</u>	(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 <u>EUR 20 million</u> was generated in one or more of the sectors listed in paragraph 1, point (b).	(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) <u>the company did not reach the thresholds under point (a) but is the ultimate parent company of a group that on a consolidated basis reaches the thresholds under (a) in the financial year preceding the last financial year;</u>
Article 2(2), point (ba)				
98a				

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				<p><i><u>(ba) the company entered into or is the ultimate parent company of a group that entered into franchising or licensing agreements in the Union in return for royalties with independent third-party companies, where these agreements ensure a common identity, a common business concept and the application of uniform business methods, and where these royalties amount to more than EUR 7.5 million in the Union in the financial year preceding the last financial year; and provided that the company generated or is the ultimate parent company of a group that generated a net turnover of more than EUR 40 million in the Union in the financial year preceding the last financial year;</u></i></p>
Article 2(2a)				
98b				<p><i><u>2a. Where the conditions under paragraph 1, points (b) and (ba), and paragraph 2, points (b) and (ba), are met and the ultimate parent company of the group has as its main activity the holding of shares in operational subsidiaries, the obligations under this Directive shall be met by the subsidiary closest to the ultimate parent company in the chain of control</u></i></p>

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				<u>that is not a company having as its main activity the holding of shares in operational subsidiaries. In case there is more than one such company, they shall all meet the obligations under this Directive.</u>
Article 2(2), point (bb)				
98c				<u>(bb) 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 EUR 20 million was generated in one or more of the sectors listed in paragraph 1, point (b).</u>
Article 2(3)				
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 <u>and other workers in non-standard forms of employment</u> 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.	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 <u>and other workers in non-standard forms of employment, provided that they fulfil the criteria for determining the status of a worker established by the Court of Justice,</u> shall be included in the calculation of the number of employees in the same way as if they were workers employed

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				directly for the same period of time by the company.
Article 2(3a)				
6	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.	<u>3a. Where a company has met the conditions laid down in paragraphs 1 or 2, the Directive shall only apply if this occurs in two consecutive financial years. This Directive shall no longer apply to a company referred to in paragraphs 1 or 2 where the conditions laid down in paragraphs 1 or 2 cease to be met for each of the last two relevant financial years.</u>
Article 2(4)				
6	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. Text Origin: Commission Proposal
Article 2(4a)				
6	100a		5. As regards the companies referred to in paragraph 2, the	<u>5. As regards the companies referred to in paragraph 2, the</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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.</p>	<p><u>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 the highest net turnover in the Union in the financial year preceding the last financial year.</u></p>
Article 2(4b)				
6 100b			<p>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 Council¹ and Regulation (EC) No 987/2009 of the European Parliament and of the Council². 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).</p>	<p><u>Deleted</u></p>

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			<p>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).</p> <p>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).</p>	
	Article 2(4c)			
100c			<p>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 Council¹.</p> <p>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).</p>	<p><u>7 This Directive shall not apply to AIFs as defined in point (a) of Article 4(1) of Directive 2011/61/EU¹ or to UCITS authorised in accordance with Article 1(2) of Directive 2009/65/EC.²</u></p> <p><u>1. Directive 2011/61/EU of the European Parliament and of the Council of 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)</u></p> <p><u>2. 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</u></p>

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				<u>relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).</u>
Article 2(4d)				
6	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, point (g).	<u>Deleted</u>
Article 3				
6	101	Article 3 Definitions	Article 3 Definitions	Article 3 Definitions <u>Text Origin: Commission Proposal</u>
Article 3, first paragraph				
6	102	For the purpose of this Directive, the following definitions shall apply:	<u>L</u> For the purpose of this Directive, the following definitions shall apply:	For the purpose of this Directive, the following definitions shall apply: <u>Text Origin: Commission Proposal</u>
Article 3, first paragraph, point (a)				

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103	(a) ‘company’ means any of the following:	(a) ‘company’ means any of the following:	(a) ‘company’ means any of the following:	(a) ‘company’ means any of the following: Text Origin: Commission Proposal
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 <u>and Annex II</u> 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).	(i) a legal person constituted as one of the legal forms listed in Annex I <u>and Annex II</u> 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). Text Origin: EP Mandate
Article 3, first paragraph, point (a)(ii)				
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 ;	(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 <u>2013/34/EU</u> ; Text Origin: EP Mandate
Article 3, first paragraph, point (a)(iii)				
106				

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	(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);	<i>deleted</i>	(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);	(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
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:	(iv) a regulated financial undertaking, regardless of its legal form, which is: Text Origin: Council Mandate
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 ; 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).	- 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 ; 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).	- 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 Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council²; 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	- 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 ; 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). Text Origin: Commission Proposal

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			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	<p>- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council¹;</p> <p>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).</p>	<p>- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council¹;</p> <p>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).</p>	<p>- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council¹;</p> <p>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).</p> <p>In the text of the Council's General Approach, this indent was put together with the previous one due to a clerical error.</p>	<p>- an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council¹;</p> <p>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).</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), third indent				
110	<p>- 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</p>	<p>- 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</p>	<p>- 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</p>	<p>- 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</p>

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	<p>345/2013 of the European Parliament and of the Council¹, a manager of EuSEF under Regulation (EU) No 346/2013 of the European Parliament and of the Council² and a manager of ELTIF under Regulation (EU) 2015/760 of the European Parliament and of the Council³;</p> <p>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).</p>	<p>345/2013 of the European Parliament and of the Council¹, a manager of EuSEF under Regulation (EU) No 346/2013 of the European Parliament and of the Council² and a manager of ELTIF under Regulation (EU) 2015/760 of the European Parliament and of the Council³;</p> <p>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).</p>	<p>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};</p> <p>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) 38 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 April 2015 2013 on European long-term investments 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, 19.5.2015, p. 98).</p>	<p>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};</p> <p>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) 38 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 April 2015 2013 on European long-term investments 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, 19.5.2015, p. 98).</p> <p>Text Origin: Council Mandate</p>
Article 3, first paragraph, point (a)(iv), fourth indent				

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111	<p>- 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 Council¹;</p> <p>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).</p>	<p>- 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 Council¹;</p> <p>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).</p>	<p>- 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 Council¹;</p> <p>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).</p>	<p>- 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 Council¹;</p> <p>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).</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), fifth indent				
112	<p>- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council¹;</p> <p>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).</p>	<p>- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council¹;</p> <p>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).</p>	<p>- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council¹;</p> <p>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).</p>	<p>- an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council¹;</p> <p>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).</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), sixth indent				

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113	- 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;	- a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC; Text Origin: Commission Proposal
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) 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).	- an institution for occupational retirement provision as defined in Article 1, point (6) <u>within the scope</u> of Directive (EU) 2016/2341 of the European Parliament and of the Council ¹ <u>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;</u> 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). Text Origin: Council Mandate
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	<i>deleted</i>	<i>deleted</i>	- pension institutions operating pension schemes which are considered to be social security schemes covered by Regulation

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	<p>(EC) No 883/2004 of the European Parliament and of the Council¹ and Regulation (EC) No 987/2009 of the European Parliament and of the Council² as well as any legal entity set up for the purpose of investment of such schemes;</p> <p>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).</p> <p>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).</p>			<p>(EC) No 883/2004 of the European Parliament and of the Council¹ and Regulation (EC) No 987/2009 of the European Parliament and of the Council² as well as any legal entity set up for the purpose of investment of such schemes;Deleted</p> <p>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);</p> <p>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);</p>
Article 3, first paragraph, point (a)(iv), ninth indent				
116	<p>- 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;</p>	<i>deleted</i>	<i>deleted</i>	<p>- 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</p>
Article 3, first paragraph, point (a)(iv), tenth indent				
117	<p>- UCITS in the meaning of Article 1(2) of Directive 2009/65/EC;</p>	<i>deleted</i>	<i>deleted</i>	<p>- UCITS in the meaning of Article 1(2) of Directive 2009/65/EC;Deleted</p>
Article 3, first paragraph, point (a)(iv), eleventh indent				

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118	<p>- a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council¹;</p> <p>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).</p>	<p>- a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council¹;</p> <p>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).</p>	<p>- a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council¹;</p> <p>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).</p>	<p>- a central counterparty as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council¹;</p> <p>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).</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), twelfth indent				
119	<p>- 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 Council¹;</p> <p>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).</p>	<p>- 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 Council¹;</p> <p>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).</p>	<p>- 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 Council¹;</p> <p>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).</p>	<p>- 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 Council¹;</p> <p>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).</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), thirteenth indent				
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	- 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;	- an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC; Text Origin: Commission Proposal
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 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).	- ‘securitisation special purpose entity’ as defined in Article 2, point (2), of Regulation (EU) No 2017/2402 of the European 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).	- ‘securitisation special purpose entity’ as defined in Article 2, point (2), of Regulation (EU) No 2017/2402 of the European 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).	- ‘securitisation special purpose entity’ as defined in Article 2, point (2), of Regulation (EU) No 2017/2402 of the European 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). Text Origin: Commission Proposal
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	- 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	- 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	- <u>a financial holding company as defined in article 4, paragraph 1, point (21) of Regulation (EU) 575/2013</u> , an insurance holding company as defined in Article 212(1), point (f), of Directive

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	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;	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;	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;	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; Text Origin: Commission Proposal
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 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).	- 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 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).	- 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 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).	- 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 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). Text Origin: Commission Proposal
Article 3, first paragraph, point (a)(iv), seventeenth indent				
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	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council¹;</p> <p>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).</p>	<p>- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council¹;</p> <p>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).</p>	<p>- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council¹;</p> <p>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).</p>	<p>- an electronic money institution as defined in point (1) of Article 2 of Directive 2009/110/EC of the European Parliament and of the Council¹;</p> <p>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).</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), eighteenth indent				
6	125	<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 Council¹;</p> <p>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. 1).</p>	<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 Council¹;</p> <p>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. 1).</p>	<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 Council¹;</p> <p>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. 1).</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), nineteenth indent				
6	126			

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	<p>- 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) 2019/1937¹] 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];</p> <p>1. COM/2020/593 final.</p>	<p>- 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) 2019/1937¹] 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];</p> <p>1. COM/2020/593 final.</p>	<p>- 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) 2019/1937¹] 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];</p> <p>1. COM/2020/593 final.</p>	<p>- 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) 2019/1937¹] 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];</p> <p>1. COM/2020/593 final.</p> <p>Text Origin: Commission Proposal</p>
Article 3, first paragraph, point (a)(iv), twentieth indent				
6	126a	<p><u>(aa) 'investee company' means a company in which an institutional investor or asset manager invests which cannot be considered as a controlled undertaking;</u></p>		<p><u>Deleted</u></p>
Article 3, first paragraph, point (a)(iv), twenty-first indent				
6	126b	<p><u>(ab) 'institutional investor' means an entity as defined by Article 2(e) of Directive 2007/36/EC, within the scope of Article 2 of this Directive;</u></p>		<p><u>Deleted</u></p>

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Article 3, first paragraph, point (a)(iv), twenty-second indent				
6	126c	<u>(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;</u>		<u>Deleted</u>
Article 3, first paragraph, point (b)				
6	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 <u>failure to comply with obligations in line with the relevant provisions of the instruments listed in Part I, points 18 and 19,</u> of the prohibitions and obligations pursuant to <u>Annex and Part II of the Annex, taking into account, where available, the national legislation and measures linked to those provisions related to</u> the international environmental conventions <u>texts</u> listed in <u>Part I, points 18 and 19, of the Annex,</u> and <u>Part II of the Annex;</u>	(b) 'adverse environmental impact' <u>'adverse environmental impact'</u> means an adverse impact on the environment resulting from the violation of one <u>breach</u> of the prohibitions and obligations <u>listed in Part I, points 18 and 19, and Part II of</u> pursuant to the international environmental conventions listed in the Annex I, <u>Annex I, taking into account national legislation linked to the provisions of the instruments listed therein,</u> Part II;
Article 3, first paragraph, point (c)				
6	128	(c) 'adverse human rights impact' means an adverse impact on protected persons resulting from the violation of one of the rights or prohibitions listed in the Annex, Part I Section 1, as enshrined in the	(c) 'adverse human rights impact' means an adverse impact on protected persons resulting from the violation of one of the rights or prohibitions listed in the Annex, <u>Part I Section 1, as any action</u>	(c) 'adverse human rights impact' means an adverse impact on protected persons resulting from the violation of one of the rights or prohibitions listed in the Annex, <u>Part I Section 1, as enshrined in the</u>

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	international conventions listed in the Annex, Part I Section 2;	<u>which removes or reduces the ability of an individual or group to enjoy the rights or to be protected by prohibitions</u> enshrined in the international conventions <u>and instruments</u> listed in the Annex, Part I, <u>Section 1 and Annex, Part I, Section 2;</u>	international conventions listed in the Annex, Part I Section 2;	international conventions listed in the Annex, Part I Section 2;
Article 3, first paragraph, point (c)(i)				
6	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;	<u>(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 Annex I, Part I Section 2;</u>
Article 3, first paragraph, point (c)(ii), first subparagraph				
6	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:	<u>(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:</u>
Article 3, first paragraph, point (c)(ii), first subparagraph				
6	128c		- the human right can be abused by a company or legal entity other than a Member State or a third country or their authorities;	<u>- the human right can be abused by a company or legal entity;</u>

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	Article 3, first paragraph, point (c)(iii)			
g	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	- <u>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</u>
	Article 3, first paragraph, point (c)(iv)			
g	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;	- <u>the company could have reasonably foreseen the risk that such human right may be affected, 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;</u>
	Article 3, first paragraph, point (c)(v)			
g	128f	<u>(ca) 'adverse impact' means any potential or actual adverse human rights or adverse environmental impact;</u>	(ca) 'adverse impact' means adverse environmental impact and adverse human rights impact;	<u>(ca) 'adverse impact' means adverse environmental impact and adverse human rights impact;</u>
	Article 3, first paragraph, point (d)			
g	129			

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	<p>(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 Council¹ is exercised;</p> <p>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).</p>	<p>(d) ‘subsidiary’ means a legal person <u>as defined in Article 2, point (10), of Directive 2013/34/EU and a legal person</u> 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 Council¹ is exercised;</p> <p>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).</p>	<p>(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 Council¹ is exercised;</p> <p>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).</p>	<p>(d) ‘subsidiary’ means a legal person <u>as defined in Article 2, point (10), of Directive 2013/34/EU and a legal person</u> 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 Council¹ is exercised;</p> <p>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).</p> <p>Text Origin: EP mandate</p>
Article 3, first paragraph, point (e)				
130	<p>(e) ‘business relationship’ means a relationship with a contractor, subcontractor or any other legal entities (‘partner’)</p>	<p>(e) ‘business relationship’ means a <u>direct or indirect</u> relationship <u>of a company</u> with a contractor, subcontractor, or any other legal entities (‘partner’) <u>in its value chain:</u></p>	<p>(e) ‘business relationship partner’ means a relationship with a contractor, subcontractor or any other legal entities (‘partner’) entity</p>	<p>(e) ‘business relationship partner’ means a relationship with a contractor, subcontractor or any other legal entities (‘partner’) <u>an entity</u></p> <p>Text Origin: Council Mandate</p>
Article 3, first paragraph, point (e)(i)				
131	<p>(i) with whom the company has a commercial agreement or to whom</p>	<p>(i) with whom the company has a commercial agreement or to whom the company provides financing,</p>	<p>(i) with whom the company has a commercial agreement related to the operations, products or</p>	<p>(i) with whom the company has a commercial agreement <u>related to the operations, products or services</u></p>

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	the company provides financing, insurance or reinsurance, or	insurance or reinsurance, or <u>financial services</u> ;	services of the company or to whom the company provides financing, insurance or reinsurance services pursuant to point (g) ('direct business partner'), or	<u>of the company</u> or to whom the company provides financing, insurance or reinsurance <u>services pursuant to point (g) ('direct business partner')</u> , or <small>Text Origin: Council Mandate</small>
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 <u>activities</u> related to the products or services of the company <u>for or on behalf</u> of the company;	(ii) that <u>which is not a direct business partner but which</u> performs business operations related to the operations , products or services of the company for or on behalf of the company ('indirect business partner');	(ii) that <u>which is not a direct business partner but which</u> performs business operations related to the <u>operations</u> , products or services of the company for or on behalf of the company ('indirect business partner'); <small>Text Origin: Council Mandate</small>
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;	<i>deleted</i>	<i>deleted</i>	<i>deleted</i>
Article 3, first paragraph, point (fa)(g)				
134	(g) 'value chain' means activities related to the production of goods or	(g) 'value chain' means activities <u>related to the production of goods</u>	(g) ' value chain ' means activities related to the production of goods or	(g) ' value chain ' means activities <u>related to the production of goods</u>

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	<p>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 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;</p>	<p>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 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;</p>	<p>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 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;’ means:</p>	<p>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 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; means:</p> <p>Text Origin: Council Mandate</p>
Article 3, first paragraph, point (fa)(g)(i)				
134a		<p><u>(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</u></p>	<p>(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</p>	<p><u>(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, sourcing, manufacture, transport, storage and supply of raw materials, products or parts of</u></p>

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		<u>product or the development or provision of a service, and</u>	of the products and development of the product or the service, and	<u>the products and development of the product or the service, and</u> Text Origin: Council Mandate
Article 3, first paragraph, point (fa)(g)(ii)				
6	134b	<u>(ii) activities related to, and entities 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.</u>	(ii) activities of a company's 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.	<u>(ii) activities of a company's 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 directly or indirectly 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.</u>
Article 3, first paragraph, point (fa)(g) a				
6	134c	<u>As regards companies within the meaning of point (a)(iv), 'value chain' with respect to the provision</u>	Subject to Article 2(8), as regards regulated financial undertakings within the meaning of point	<u>Deleted</u>

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		<i><u>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 within the meaning of point (a)-(iv) does not cover households and natural persons or SMEs;</u></i>	(a)(iv), the term ‘chain of activities’ shall also include the activities of:	
Article 3, first paragraph, point (fa)(g) a(i)				
G	134d		(i) legal entities receiving directly lending, provision of guarantees and commitments from the regulated financial undertaking;	<u>Deleted</u>
Article 3, first paragraph, point (fa)(g) a(ii)				
G	134e		(ii) policy-holders and insured parties under insurance contracts concluded with the regulated financial undertaking;	<u>Deleted</u>
Article 3, first paragraph, point (fa)(g) a(iii)				
G	134f		(iii) legal entities ceding risk under a reinsurance contract and institutions for occupational retirement provision to which	<u>Deleted</u>

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			coverage is provided under a reinsurance contract concluded with the regulated financial undertaking;	
Article 3, first paragraph, point (fa)(g) a(iv)				
6	134g		(iv) subsidiaries of legal entities referred to in points (i) to (iii) benefiting from the service referred to in points (i) to (iii), whose activities are linked to the service in question.	<u>Deleted</u>
Article 3, first paragraph, point (fb)				
6	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;	<u>Deleted</u>
Article 3, first paragraph, point (h)				
6	135	(h) ‘independent third-party verification’ means verification of <u>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</u>	(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	(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 <u>objective, completely</u> independent

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	<p>conflicts of interests, has experience and competence in environmental and human rights matters and is accountable for the quality and reliability of the audit;</p>	<p><u><i>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 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</i></u> which is independent from the company, free from any conflicts of interests, has <u><i>demonstrated</i></u> experience, <u><i>expertise</i></u> and competence in environmental, <u><i>climate</i></u>, and human rights matters, and is accountable for the quality and reliability of the audit <u><i>or assessment, and meets the minimum standards set out in the delegated act as described in Article 14(4a);</i></u></p>	<p>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;</p>	<p>from the company, free from any conflicts of interests <u><i>and from external influence</i></u>, has experience and competence in environmental and <u><i>or</i></u> human rights matters, <u><i>according to the nature of the adverse impact</i></u>, and is accountable for the quality and reliability of the audit verification;</p>
Article 3, first paragraph, point (i)				
6 136	<p>(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</p>	<p>(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</p>	<p>(i) ‘SME’ means a micro, small or a medium-sized enterprise undertaking, irrespective of its legal form, that is not part of a</p>	<p>(i) ‘SME’ means a micro, small or a medium-sized enterprise undertaking, irrespective of its legal form, that is not part of a</p>

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	terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;	terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;	large group, as those terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;	large group, as those terms are defined in Article 3(1), (2), (3) and (7) of Directive 2013/34/EU; Text Origin: Council Mandate
Article 3, first paragraph, point (j)				
137	(j) ‘industry initiative’ means a combination of voluntary value chain due diligence procedures, tools and mechanisms, including independent third-party verifications, developed and overseen by governments, industry associations or groupings of interested organisations;	(j) ‘industry <u>or multi-stakeholder initiative</u> ’ means a combination of voluntary value chain due diligence <u>an initiative that companies participate in, which provides standards,</u> procedures, tools and/or mechanisms, including independent third-party verifications, <u>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.</u> <u>Such initiatives may be</u> developed and overseen by governments, industry associations or, groupings of interested <u>organisations, or civil society</u> organisations;	(j) ‘industry initiative’ means a combination of voluntary value chain -due diligence procedures in the chains of activities , tools and mechanisms, including independent third-party verifications, developed and overseen by governments, industry associations or groupings of interested organisations;	(j) ‘industry <u>or multi-stakeholder initiative</u> ’ means a combination of voluntary value chain -due diligence procedures, tools and mechanisms, including independent third-party verifications, developed and overseen by governments, industry associations, <u>interested organisations, including civil society organisations,</u> or groupings <u>or combinations thereof, that companies may participate in in order to support the implementation of due diligence obligations of interested organisations;</u>
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)	(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)	(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)	(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)

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	to act on its behalf in relation to compliance with that company’s obligations pursuant to this Directive;	to act on its behalf in relation to compliance with that company’s obligations pursuant to this Directive;	to act on its behalf in relation to compliance with that company’s obligations pursuant to this Directive;	to act on its behalf in relation to compliance with that company’s obligations pursuant to this Directive; Text Origin: Commission Proposal
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, 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;	<i>deleted</i>	(l) ‘severe adverse impact’ means an adverse environmental impact or an adverse human rights impact that is especially significant by its nature, 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;	(l) ‘severe adverse impact’ means an adverse environmental impact or an adverse human rights that is especially significant by its nature, such as an impact that is especially significant entails harm to human life, health and liberty, or by its nature, or affects a large scale, scope and irremediable character, taking into account its gravity, including the number of persons or a large area of the environment, or individuals that are or may be affected, the extent to which is irreversible, or is particularly difficult to remedy as a result of the measures necessary 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 the situation prevailing equivalent to their situation prior to the impact within a reasonable period of time;

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Article 3, first paragraph, point (m)				
6	140	(m) 'net turnover' means	(m) 'net turnover' means	(m) 'net turnover' means: Text Origin: Council Mandate
Article 3, first paragraph, point (m)(i)				
6	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; Text Origin: Council Mandate
Article 3, first paragraph, point (m)(ii)				
6	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 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).	(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 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).	(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 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). Text Origin: Council Mandate

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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) ‘ <u>affected</u> stakeholders’ means <u>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</u> the company’s employees, the employees of its subsidiaries, and other <u>activities or actions or the activities or actions of entities in its value chain, and the legitimate representatives of such</u> 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 <u>an</u> 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;	(n) ‘stakeholders’ means the company’s employees, the employees of its subsidiaries, <u>trade unions and workers’ representatives, consumers;</u> 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 <u>partners, including the employees of the company’s business partners, trade unions and workers’ representatives, national human rights and environmental institutions, civil society organisations whose purpose includes the protection of the environment, and the legitimate representatives of those individuals, groups, communities or entities;</u>
Article 3, first paragraph, point (na)				
143a		<u>(na) ‘vulnerable stakeholders’ means affected stakeholders that</u>		<u>Deleted</u>

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		<u><i>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;</i></u>		
Article 3, first paragraph,				
6	144	(o) ‘director’ means:	<i>deleted</i>	(o) ‘director’ means: Deleted
Article 3, first paragraph, (i)				
6	145	(i) any member of the administrative, management or supervisory bodies of a company;	<i>deleted</i>	(i) any member of the administrative, management or supervisory bodies of a company; Deleted
Article 3, first paragraph, (ii)				
6	146	(ii) where they are not members of the administrative, management or	<i>deleted</i>	(ii) where they are not members of the administrative, management or

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	supervisory bodies of a company, the chief executive officer and, if such function exists in a company, the deputy chief executive officer;	supervisory bodies of a company, the chief executive officer and, if such function exists in a company, the deputy chief executive officer;		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, (iii)				
6	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	(iii) other persons who perform functions similar to those performed under point (i) or (ii); Deleted
Article 3, first paragraph,				
6	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	(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)				
6	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 account the circumstances of the specific case, including characteristics of the economic	(q) ‘appropriate measure <u>measures</u> ’ means a measure that is <u>measures that are</u> capable of achieving the objectives of due diligence, and <u>effectively addressing the adverse impact identified pursuant to Article 6 in a manner proportionate and</u> with <u>to</u> the degree of severity and the likelihood of the adverse impact,	(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 account the circumstances of the specific case, including characteristics of the economic	(q) ‘appropriate measure <u>measures</u> ’ means a measure that is <u>measures that are</u> capable of achieving the objectives of due diligence, by <u>effectively addressing adverse impacts in a manner</u> with <u>to</u> the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the

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	sector and of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action.	and reasonably available <u>proportionate and commensurate</u> to the <u>size, resources and capacities of the company</u> ; taking. This shall take into account the circumstances of the specific case, including characteristics <u>the nature</u> of the economic sector and <u>adverse impact, characteristics</u> of the specific business relationship and <u>economic sector, the nature of</u> the company's influence thereof, and the need to ensure prioritisation of action. <u>specific activities, products and services, the specific business relationship;</u>	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;	circumstances of the specific case, including characteristics of the economic sector and <u>the nature and extent</u> of the specific business relationship and the company's influence thereof, and the need to ensure prioritisation of action. <u>adverse impact and relevant risk factors.</u>
Article 3, first paragraph, point (qa)				
6	149a	<u>(qa) 'leverage' means the ability to affect change in the practices of the entity causing or contributing to the adverse impact;</u>	(qa) 'business relationship' means a relationship of the company with its business partner;	<u>(qa) 'business relationship' means a relationship of the company with its business partner;</u> Text Origin: EP Mandate
Article 3, first paragraph, point (qb)				
6	149b	<u>(qb) "to cause an adverse impact" means that the company's activities on their own are sufficient to result in an adverse impact;</u>	(r) 'parent company' means a company which controls one or more subsidiaries within the meaning of point (d);	<u>(r) 'parent company' means a company which controls one or more subsidiaries within the meaning of point (d);</u> Text Origin: Council Mandate

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Article 3, first paragraph, point (qc)				
149c				<i>(ra) 'ultimate parent company' means a parent company which controls, either directly or indirectly in accordance with the criteria set out in Article 22(1) to (5) of Directive 2013/34/EU of the European Parliament and of the Council, one or more subsidiary companies and is not controlled by another company;</i>
Article 3, first paragraph, point (qd)				
149d		<i>(qc) '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 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:</i>	<i>(s) 'group of companies' means a parent company and all its subsidiaries;</i>	<i>(s) 'group of companies' means a parent company and all its subsidiaries;</i> Text Origin: Council Mandate

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		<p><u>– 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,</u></p> <p><u>– 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,</u></p> <p><u>– the degree to which any of the company's activities actually mitigated the adverse impact or decreased the risk of the impact occurring.</u></p> <p><u>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;</u></p>		
Article 3, first paragraph, point (qe)				
149e		<p><u>(qd) 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</u></p>	<p>(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</p>	<p><u>(qe) ‘remediation’ means restitution of the affected person or persons, communities or environment to a situation equivalent or as close as possible to the situation they would be in had the actual adverse impact not occurred, proportionate to the</u></p>

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		<i><u>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 adverse impact to the company with which it has a linkage;</u></i>	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.	<i><u>company's implication in the adverse impact, including financial or non-financial compensation provided by the company to a person or persons affected by the actual adverse impact and, where applicable, reimbursement of the costs incurred by public authorities for any necessary remedial measures;</u></i>
Article 3, first paragraph, point (qf)				
149f		<i><u>(qe) 'risk-based' means proportionate to the likelihood and severity of potential adverse impacts;</u></i>		<i><u>(qe) 'risk factors' means facts, situations or circumstances that relate to the severity and likelihood of an adverse impact, including company-level, business operations, geographic and contextual, product and service, and sectoral risk factors;</u></i> Text Origin: EP Mandate
Article 3, first paragraph, point (qg)				
149g		<i><u>(qf) 'risk factors' means company-level risk factors, business model risk factors, geographic risk factors, product and service risk factors and sectoral risk factors;</u></i>		deleted
Article 3, first paragraph, point (qh)				
149h				

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		<p><u>(ag) ‘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.</u></p>		<p><u>(ag) ‘severity of an adverse impact’ means the scale, scope or 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 within a reasonable period of time.</u></p> <p>Text Origin: EP Mandate</p>
Article 3, first paragraph, point (qi)				
149i		<p><u>2. 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.</u></p>		<p><u>2. The Commission shall be empowered to adopt delegated acts in accordance with Article 28 in order to amend Annex I to this Directive by:</u></p> <p><u>(a) Adding the reference to articles of international instruments ratified by all Member States and falling within the scope of a specific right, prohibition or obligation related to the protection of human rights, fundamental freedoms and of the environment listed in Annex I;</u></p>

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				<p><u>(b) Modifying, as appropriate, the reference to international instruments referred to in Annex I, in view of the modification, supersession or abrogation of such instruments;</u></p> <p><u>(c) In accordance with developments within the relevant international fora concerning the instruments listed in Annex I, Part 1, Section 2,</u></p> <p><u>(i) replacing the reference to the listed instruments, by the reference to new instruments covering the same subject matter and ratified by all Member States, or</u></p> <p><u>(ii) adding the reference to new instruments covering the same subject matter as the listed instruments and ratified by all Member States.</u></p>
Article 3a				
6	149j	<u>Article 3a</u> <u>Single market clause</u>		<p><u>Article 3a</u> <u>Level of harmonisation</u></p> <p>Text Origin: EP Mandate</p>
Article 3a(1)				
6	149k	<u>1. The Commission and the Member States shall coordinate during the transposition of this Directive and thereafter in view of</u>		<u>1. Member States shall not introduce, in their national law, provisions within the field covered by this Directive, laying down</u>

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		<u><i>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.</i></u>		<u><i>human rights and environmental due diligence obligations diverging from those laid down in Articles 6(1), 6(1a), 7(1) and 8(1), without prejudice to Article 1(2) and (3).</i></u>
Article 3a(2)				
1491		<u><i>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 the Single Market, including whether the provisions of this Directive could be converted into a Regulation.</i></u>		<u><i>2. Notwithstanding paragraph 1, this Directive shall not preclude Member States from introducing, in their national law, more stringent provisions, diverging from those laid down in Articles other than Articles 6(1), 6(1a), 7(1) and 8(1), or provisions that are more specific in terms of the objective or the field covered, in order to achieve a different level of protection of human, employment and social rights, the environment or the climate.</i></u>
Article 4				
150	Article 4 Due diligence	Article 4 Due diligence	Article 4 Due diligence	Article 4 Due diligence Text Origin: Commission Proposal
Article 4(1)				
151				

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	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 <u>risk-based</u> 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:	1. Member States shall ensure that companies conduct <u>risk-based</u> human rights and environmental due diligence as laid down in Articles 5 to 11 ('due diligence') by carrying out the following actions: Text Origin: EP Mandate
Article 4(1), point (a)				
6	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;	(a) integrating due diligence into their policies <u>and risk management systems</u> in accordance with Article 5; Text Origin: Council Mandate
Article 4(1), point (b)				
6	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;	(b) identifying <u>and assessing</u> actual or potential adverse impacts in accordance with Article 6 <u>and, where necessary, prioritising potential and actual adverse impacts in accordance with Article 6a</u> ; Text Origin: Commission Proposal
Article 4(1), point (c)				
6	154 (c) preventing and mitigating potential adverse impacts, and	(c) preventing and mitigating potential adverse impacts, and	(c) preventing and mitigating potential adverse impacts, and	(c) preventing and mitigating potential adverse impacts, and

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	bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 7 and 8;	bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 7 and 8;	bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 7 and 8;	bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 7 and 8; Text Origin: Commission Proposal
Article 4(1), point (ca)				
154a		<u>(ca) where necessary, prioritising potential and actual adverse impacts in accordance with Article 8b;</u>		<u>Deleted</u>
Article 4(1), point (cb)				
154b		<u>(cb) remedying actual adverse impacts in accordance with Article 8c;</u>		<u>(cb) providing remediation to actual adverse impacts in accordance with Article 8c;</u>
Article 4(1), point (cc)				
154c				<u>(cc) carrying out meaningful engagement with stakeholders in accordance with Article 8d;</u>
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 <u>participating in a notification and non-judicial grievance mechanism</u> in accordance with Article 9;	(d) establishing and maintaining a complaints procedure in accordance with Article 9;	(d) establishing and maintaining a <u>notification mechanism and</u> complaints procedure in accordance with Article 9;

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	Article 4(1), point (e)			
6	156 (e) monitoring the effectiveness of their due diligence policy and measures in accordance with Article 10;	(e) monitoring <u>and verifying</u> the effectiveness of their due diligence policy and measures in accordance with Article 10;	(e) monitoring the effectiveness of their due diligence policy and measures in accordance with Article 10;	(e) monitoring the effectiveness of their due diligence policy and measures in accordance with Article 10; Text Origin: Council mandate
	Article 4(1), point (f)			
6	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.	(f) publicly communicating on due diligence in accordance with Article 11. Text Origin: Commission Proposal
	Article 4(1), point (fa)			
6	157a	<u>(fa) consulting and engaging with affected stakeholders in a meaningful way in accordance with Article 8d.</u>		<u>Deleted</u>
	Article 4(2)			
6	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	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	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	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

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	entities in compliance with applicable competition law.	entities in compliance with applicable competition law.	entities in compliance with applicable competition law.	entities in compliance with applicable competition law. Text Origin: Council Mandate
Article 4(2a)				
158a			<p>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 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 Council¹.</p> <p>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).</p>	<p><u><i>3. Member States shall ensure that a business partner shall not be obliged to disclose to a company which is complying with the obligations resulting from this Directive, information that is a trade secret as defined in Article 2(1) of Directive (EU) 2016/943 of the European Parliament and of the Council¹, without prejudice to the disclosure of the identity of direct and indirect business partners, or essential information needed to identify potential or actual adverse impacts, where necessary and duly justified for the company's compliance with due diligence obligations. This shall be without prejudice to the possibility for the business partners to protect their trade secrets through the mechanisms established in Directive (EU) 2016/943 of the European Parliament and of the Council. Business partners shall never be obliged to disclose classified information or other information the disclosure of which would cause a risk to the</i></u></p>

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				<u>essential interests of a state's security.</u>
Article 4(2b)				
158b		<u>2a. Companies shall retain documentation demonstrating their compliance with this Directive for at least 10 years.</u>		<u>3a. Member States shall require companies to retain documentation regarding the actions adopted to fulfil their due diligence obligations for the purpose of demonstrating compliance, including supporting evidence, for at least 5 years from the moment when such documentation was produced or obtained.</u> <u>Where, upon expiry of the applicable period, there is an ongoing judicial or administrative proceeding under this Directive, the retention period shall be extended until the final conclusion of the matter.</u>
Article 4a				
158c		<u>Article 4a</u> <u>Due diligence support at group level</u>	Article 4a Due diligence at a group level	<u>Article 4a</u> <u>Due diligence support at a group level</u> Text Origin: EP Mandate
Article 4a(1)				

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158d		<u>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 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.</u>	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 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.	<u>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 behalf of companies which are their subsidiaries falling under the scope of this Directive, if this ensures effective compliance. This is without prejudice to the subsidiaries being subject to the exercise of the supervisory authority's powers in accordance with Article 18 and to their civil liability in accordance with Article 22.</u>
Article 4a(2)				
158e		<u>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:</u>	2. The fulfilment of due diligence obligations by a parent company in accordance with the paragraph 1 is subject to all the following conditions:	<u>2. The fulfilment of due diligence obligations set out in Articles 5 to 11 by a parent company in accordance with paragraph 1 of this Article is subject to all the following conditions:</u>
Article 4a(2), point (a)				
158f		<u>(a) the subsidiary provides all the relevant and necessary information to its parent company and cooperates with it;</u>	(a) the subsidiary provides all the necessary information to and cooperates with its parent company to fulfil the obligations resulting from this Directive;	<u>(a) the subsidiary and parent company provide each other with all the necessary information and cooperate to fulfil the obligations resulting from this Directive;</u>

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				Text Origin: EP Mandate
Article 4a(2), point (b)				
158g		<i><u>(b) the subsidiary abides by its parent company's due diligence policy;</u></i>	(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;	<i><u>(b) the subsidiary abides 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;</u></i> Text Origin: EP Mandate
Article 4a(2), point (c)				
158h		<i><u>(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;</u></i>	(c) the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 5;	<i><u>(c) the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 5, clearly describing which obligations are to be fulfilled by the parent company, and, where necessary, communicating so to relevant stakeholders;</u></i> Text Origin: EP Mandate
Article 4a(2), point (d)				
158i		<i><u>(d) the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 5;</u></i>	(d) where relevant, the subsidiary seeks the contractual assurances in accordance with Article 7(2), point (b), or 8(3), point (c);	<i><u>(d) where necessary, the subsidiary continues to take appropriate measures in accordance with Articles 7 and 8</u></i>

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				<u>and to fulfil its obligations under Articles 8c and 8d;</u>
Article 4a(2), point (e)				
158j		<u>(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;</u>	(e) where relevant, the subsidiary seeks to conclude a contract with an indirect business partner in accordance with Article 7(3) or 8(4);	<u>(e) where relevant, the subsidiary fulfils the obligation to seek the contractual assurances in accordance with Article 7(2), point (b), or Article 8(3), point (c); to seek contractual assurances with an indirect business partner in accordance with Articles 7(3) or 8(4); and to temporarily suspend or terminate the business relationship in accordance with Articles 7(5) or 8(6);</u>
Article 4a(2), point (f)				
158k		<u>(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;</u>	(f) where relevant, the subsidiary temporarily suspends or terminates the business relationship in accordance with Article 7(5) or 8(6).	<u>Deleted</u>
Article 4a(2), point (g)				
158l		<u>(g) the subsidiary integrates climate in its policies and risk management systems in accordance with Article 15.</u>		<u>Deleted</u>

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Article 4a(3)				
158m				<u>3. When the parent company fulfils the obligation set out in Article 15 on behalf of the subsidiary in accordance with paragraph 1 of this Article, the subsidiary shall comply with the obligations laid down in Article 15 in accordance with the parent company's transition plan for climate change mitigation accordingly adapted to its business model and strategy.</u>
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 Integrating due diligence into companies' company's policies and risk management systems Text Origin: Council Mandate
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 <u>relevant</u> 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 corporate policies and risk management systems 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 corporate <u>relevant</u> policies and <u>risk management systems and</u> have in place a due diligence policy. The due diligence policy shall contain all of the

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				following: <u>that ensures a risk-based due diligence.</u> Text Origin: EP Mandate
Article 5(1), point (-a)				
6	160a	<u>(-a) a description of the potential or actual adverse impacts identified by the company in line with Article 6;</u>		<u>Deleted</u>
Article 5(1),				
6	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 <u>to due diligence</u> , including in the long term, to due diligence <u>short, medium and long term</u> ;	deleted <u>Moved as a subpoint of paragraph 1a.</u>	(a) a description of the company's approach, including in the long term, to due diligence; <u>Deleted</u>
Article 5(1),				
6	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 <u>defining</u> rules and principles <u>and measures</u> to be followed by <u>and implemented where relevant throughout</u> the company's employees and <u>and its</u> subsidiaries <u>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;</u>	deleted <u>Moved as a subpoint of paragraph 1a and amended.</u>	(b) a code of conduct describing rules and principles to be followed by the company's employees and subsidiaries; <u>Deleted</u>

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Article 5(1),				
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 .	<i>deleted</i> Moved as a subpoint of paragraph 1a and amended.	(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. Deleted
Article 5(1), point (a)				
163a			1a. The due diligence policy shall contain all of the following:	<u>1a. The due diligence policy shall be developed in prior consultation with the company's employees and their representatives, and contain all of the following:</u>
Article 5(1), point (b)				
163b			(a) a description of the company's approach, including in the long term, to due diligence;	<u>(a) a description of the company's approach, including in the long term, to due diligence;</u>

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	Article 5(1), point (c)			
6	163c		(b) a code of conduct describing rules and principles to be followed 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	<u><i>b) a code of conduct describing rules and principles to be followed throughout the company and its subsidiaries, and the company's direct or indirect business partners in accordance with Article 7(2), point (b), 7(3), 8(3), point (c), or 8(4); and</i></u>
	Article 5(1), point (d)			
6	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.	<u><i>c) a description of the processes put in place to integrate due diligence into the relevant policies and to implement due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to business partners.</i></u>
	Article 5(2)			
6	164	2. Member States shall ensure that the companies update <u>continuously review</u> their due diligence policy annually <u>and update it when significant changes occur</u> .	2. Member States shall ensure that the companies update their due diligence policy annually <u>without undue delay after a significant change occurs, but at least every 24 months</u> .	2. Member States shall ensure that the companies update their due diligence policy annually <u>without undue delay after a significant change occurs, and review and, where necessary, update it at least every 24 months</u> .

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				<p><i><u>For this purpose, companies shall take into account the adverse impacts already identified according to Article 6, as well as the appropriate measures taken to address such adverse impacts in line with Articles 7 and 8 and the outcome of the assessments carried out in accordance with Article 10.</u></i></p> <p>Text Origin: Council Mandate</p>
Article 5(2a)				
6	164a		<p>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).</p>	<p><u>Deleted</u></p>
Article 5(2b)				
6	164b	<p><i><u>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.</u></i></p>		<p><u>Deleted</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 5(2c)				
164c		<p><u>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-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.</u></p>		<u>Deleted</u>
Article 6				
165	Article 6 Identifying actual and potential adverse impacts	Article 6 Identifying <u>and assessing</u> actual and potential adverse impacts	Article 6 Identifying actual and potential adverse impacts	Article 6 Identifying <u>and assessing</u> actual and potential adverse impacts Text Origin: EP Mandate
Article 6(1)				

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166	<p>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.</p>	<p>1. Member States shall ensure that companies take appropriate measures to <u>broadly scope the impacts of their operations, subsidiaries and business relationships in order to identify and assess</u> actual and potential adverse human rights impacts and <u>adverse</u> and environmental impacts arising from their own operations, <u>products and services</u> or those of their subsidiaries and, where those <u>where those</u> related to their value chains, from their established business relationships, in accordance with paragraph 2, 3 and 4 <u>and whether they cause or contribute to or are directly linked to those impacts.</u></p>	<p>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.</p>	<p>1. Member States shall ensure that companies take appropriate measures to identify <u>and assess</u> actual and potential adverse human rights impacts and <u>adverse environmental</u> impacts arising from their own operations or those of their subsidiaries and, where related to their value chains, from their established <u>chains of activities, those of their</u> business relationships <u>partners,</u> in accordance with paragraph 2, 3 and 4 <u>this Article.</u></p>
Article 6(1a)				
166a			<p>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.</p>	<p><u>1a. As part of the obligation in paragraph 1, taking into account relevant risk factors, companies shall take appropriate measures to:</u></p> <p><u>a) map their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in order to identify general areas where adverse impacts are most likely to occur and to be most severe;</u></p>

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				<u>b) based on the results of that mapping, carry out an in-depth assessment of the own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in the areas where adverse impacts were identified to be most likely to occur and most severe.</u>
Article 6(2)				
6	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), <u>Member States shall ensure that, as part of their due diligence process, companies</u> 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) <u>(bb)</u> , and Article 2(2), point (b) <u>(bb)</u> , shall only be required to identify actual and potential severe -adverse impacts relevant to the respective sector mentioned in Article 2(1), point (b) <u>(bb)</u> . Text Origin: Council Mandate
Article 6(2), point (a)				
6	167a		<u>(a) identify where adverse impacts are most likely to occur and to be severe, including by identifying individual higher risk operations, subsidiaries and business relationships which should be prioritised taking into account relevant risk factors; and</u>	<u>Deleted</u>

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	Article 6(2), point (b)			
6	167b	<u>(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.</u>		<u>Deleted</u>
	Article 6(2), point (c)			
6	167c	<u>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.</u>		<u>Deleted</u>
	Article 6(3)			
6	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 <u>and before subsequent financial operations, and, if notified of possible risks by means of the</u>	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 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. <u>Deleted</u>

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

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		<u><i>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.</i></u>		<u><i>Deleted</i></u>
Article 6(4b)				
6	169b			<u><i>4b. Where information necessary for the in-depth assessment according to paragraph (1a), point (b) can be obtained from business partners at different levels of the chain of activities, the company shall prioritise requesting such information, where reasonable, directly from business partners where the adverse impacts are most likely to occur.</i></u>
Article 6a				
6	169c		Article 6a Prioritisation of identified actual and potential adverse impacts	<u><i>Article 6a</i></u> <u><i>Prioritisation of identified actual and potential adverse impacts</i></u>
Article 6a(1)				

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169d			<p>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.</p>	<p><u>1. Member States shall ensure that, where it is not feasible to prevent, mitigate, bring to an end or minimise all identified adverse impacts at the same time to their full extent, companies prioritise adverse impacts identified pursuant to Article 6 for fulfilling the obligations laid down in Article 7 or 8.</u></p>
Article 6a(2)				
169e			<p>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.</p>	<p><u>2. The prioritisation shall be based on the severity and likelihood of the adverse impacts.</u></p>
Article 6a(3)				
169f			<p>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.</p>	<p><u>3. Once the most severe and most likely adverse impacts are addressed in accordance with Article 7 or 8 in a reasonable time, the company shall address less</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>severe and less likely adverse impacts.</u>
Article 7				
6	170 Article 7 Preventing potential adverse impacts	Article 7 Preventing potential adverse impacts	Article 7 Preventing potential adverse impacts	Article 7 Preventing potential adverse impacts Text Origin: Commission Proposal
Article 7(-1)(1)				
6	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 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.	1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible <u>or has failed</u> , adequately mitigate potential 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.	-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 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.	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 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 <u>Article 6a and with</u> this Article.
Article 7(-1), (1) a				
6	171a		To determine the appropriate measures referred to in the first	<u>To determine the appropriate measures referred to in the first</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			subparagraph, due account shall be taken of:	<u>subparagraph, due account shall be taken of:</u> Text Origin: Council Mandate
Article 7(-1), (1) a, point (a)				
6	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;	<u>(a) whether the potential adverse impact may be caused only by the company; whether it may be caused jointly by the company and its subsidiary or business partner, through acts or omissions; or whether it may be caused only by the company's business partner in the chain of activities;</u>
Article 7(-1), (1) a, point (b)				
6	171c		(b) whether the potential adverse impact occurred in the operations of the subsidiary, direct business partner or indirect business partner; and	<u>(b) whether the potential adverse impact may occur in the operations of the subsidiary, direct business partner or indirect business partner; and</u>
Article 7(-1), (1) a, point (c)				
6	171d		(c) the ability of the company to influence the business partner causing the potential adverse impact.	<u>(c) the ability of the company to influence the business partner causing or jointly causing the potential adverse impact.</u>
Article 7(-1), (1) a, point (d)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
171e		<p><i><u>Ia. 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 seek to prevent or mitigate the potential adverse impact and to influence the entity causing the impact.</u></i></p>		<p><u>Deleted</u></p>
Article 7(-1), (1) a, point (e)				
171f		<p><i><u>Ib. For the purposes of this Article, it shall be presumed that financial undertakings are directly</u></i></p>		<p><u>Deleted</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>linked to an adverse impact in their value chain without causing or contributing to it.</i></u>		
Article 7(2)				
172	2. Companies shall be required to take the following actions, where relevant:	2. Companies shall be required to take <u><i>appropriate measures, including</i></u> the following actions, where relevant:	2. Companies shall be required to take the following actions, where relevant:	2. Companies shall be required to take the following <i>actions</i> <u><i>appropriate measures</i></u> , 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 <u><i>a</i></u> reasonable and clearly defined <i>timelines for</i> <u><i>timeline for the implementation of appropriate measures and</i></u> action, and qualitative and quantitative indicators for measuring improvement. The prevention action plan shall be <i>developed in consultation with affected stakeholders</i> <u><i>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</i></u>	(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 potentially affected stakeholders;	(a) where necessary, ¹ due to the nature or complexity of the measures required for prevention, <u><i>without undue delay</i></u> develop and implement a prevention action plan, with reasonable and clearly defined timelines for <i>action</i> <u><i>the implementation of appropriate measures</i></u> and qualitative and quantitative indicators for measuring improvement. <u><i>Companies may develop their action plans in cooperation with industry or multi-stakeholder initiatives.</i></u> The prevention action plan shall be <i>developed in consultation with affected stakeholders</i> <u><i>adapted to companies' operations and chain of activities;</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<i>related to climate change mitigation pursuant to paragraph 1 of this Article;</i>		
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 <i>consider establishing through</i> contractual assurances from a business <i>provisions with a</i> 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 . <i>Partners with whom the company has a business relationship could be asked to establish</i> corresponding reasonable, non-discriminatory and fair contractual assurances from its <i>provisions with their</i> 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;	(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 <i>establishing</i> corresponding contractual assurances from its partners, to the extent that their activities are part of the company's value chain (contractual cascading) of activities . When such contractual assurances are obtained, paragraph 4 shall apply;
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 <i>operations</i> , such as into management, production or other <i>operational</i> or production	(c) make necessary financial or non-financial investments, such as into management or production processes and infrastructures, to comply with paragraph 1;	(c) make necessary financial or non-financial investments, adjustments or upgrades , such as into management or production <i>facilities, production or other operational</i> processes and

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		processes, <u>facilities, products and product traceability, projects, services and skills</u> and infrastructures, to comply with paragraph 1;		infrastructures, to comply with paragraph 1;
Article 7(2), point (ca)				
175a		<u>(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;</u>		<u>(ca) make necessary modifications of, or improvements to, the company's own business plan, overall strategies and operations, including purchasing practices, design and distribution practices;</u> Text Origin: EP Mandate
Article 7(2), point (d)				
176	(d) 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 prevention action plan would jeopardise the viability of the SME;	(d) provide targeted and proportionate <u>financial and administrative</u> support for an SME with which the company has an established <u>a</u> business relationship; where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME;	(d) provide targeted and proportionate support for an SME with which the company has an established business relationship a 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,	(d) provide targeted and proportionate support for an SME with which <u>is a business partner of</u> the company, <u>where necessary in light of the resources, knowledge and constraints of the SME, including by providing or enabling access to capacity-building, training or upgrading management systems, and</u> has an established business relationship , where compliance with the code of conduct or the

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			guarantees of continued sourcing, or assistance in securing financing, or guidance, such as training or upgrading management systems;	prevention action plan would jeopardise the viability of the SME; ¹ <u>providing targeted and proportionate financial support, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing.</u>
Article 7(2), point (da)				
6	176a	<u>(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;</u>		<u>Deleted</u>
Article 7(2), point (e)				
6	177	(e) 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.	(e) in compliance with Union law, including competition law, collaborate with other entities, including, where relevant, to increase the company's ability to bring prevent or mitigate the adverse impact to an end , in	(e) in compliance with Union law, ¹ including competition law, collaborate with other entities, including, where relevant, to increase the company's ability to bring prevent or mitigate the adverse impact to an end , in particular where no other

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			particular where no other action is suitable or effective.	action measure is suitable or effective. Text Origin: Council Mandate
Article 7(2), point (ea)				
g	177a	<u>(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.</u>		<u>Deleted</u>
Article 7(-2a)				
g	177b			<u>Deleted</u>
Article 7(2a)				
g	177c	<u>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</u>		<u>(2a) Companies may take, where relevant, appropriate measures in addition to the measures included in paragraph 2, such as engaging with a business partner about the company's expectations with regard to preventing and mitigating the potential adverse impacts, or providing or enabling access to capacity-building, guidance, administrative and</u>

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		<u><i>attention shall be paid to potential adverse impact on children.</i></u>		<u><i>financial support such as loans or financing, taking into consideration the resources, knowledge and constraints of the business partner.</i></u>
Article 7(3)				
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.	<i>deleted</i>	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.	3. As regards potential adverse impacts that could not be prevented or adequately mitigated by the <u>appropriate</u> measures <u>listed</u> in paragraph 2, the company may seek to conclude a contract with a partner with whom it has <u>contractual assurances with</u> an indirect relationship <u>business</u> <u>partner</u> , with a view to achieving compliance with the company's code of conduct or a prevention action plan. When such a contract is concluded <u>contractual assurances are sought</u> , 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 <u>provisions</u> 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	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 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 <u>independent third-party verification, including</u>

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		verification. <u>support carrying out due diligence.</u>		<u>through industry or multi-stakeholder initiatives.</u>
Article 7(4), second subparagraph				
180	<p>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.</p>	<p>When contractual assurances are obtained from<u>provisions, including contractual, are established</u>, or a contract is entered into, with an <u>SME a business relationship</u>, 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. <u>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.</u></p> <p><u>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.</u></p> <p><u>In seeking such contractual provisions, companies shall assess whether the business partner can</u></p>	<p>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.</p>	<p>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. <u>The company shall also assess whether the contractual assurances with an SMEs should be accompanied by some of the appropriate measures for SMEs included in paragraph 2, point (d).</u> Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification.</p> <p><u>In case the SME requests to pay at least a part of the cost, or in agreement with the company, the SME shall be able to share the results of verifications with other companies.</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>reasonably be expected to comply with those provisions.</u>		
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 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:	5. As regards potential adverse impacts within the meaning of paragraph 1 that <u>a company caused or contributed to and that</u> could not be prevented or adequately mitigated, <u>and where there is no reasonable prospect of change</u> 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 <u>as a last resort, in line with responsible disengagement:</u>	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 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:	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, <u>as a last resort,</u> the company shall be required to refrain from entering into new or extending existing relations with the <u>business</u> partner in connection with or in the value chain <u>chain of activities</u> of which the impact has arisen and shall, where the law governing their relations so entitles them to, take the following actions, <u>as a last resort:</u>
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 <u>mitigation</u> 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 mitigation efforts, if there is reasonable expectation	(a) temporarily suspend commercial relations with the partner in question <u>adopt and implement an enhanced prevention action plan for the specific adverse impact without undue delay, by using or increasing the company's leverage through the temporary</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			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;	<u>suspension of business relationships with respect to the activities concerned, as long as while pursuing prevention and minimisation efforts, if</u> there is reasonable expectation that these efforts will succeed, <u>The action plan shall include a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners</u> in the short term ;
Article 7(5), first subparagraph, point (b)				
183	(b) terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe.	(b) terminate the business relationship with respect to the activities concerned, <u>on account of the severity of</u> if the potential adverse impact is severe <u>or if the conditions for temporary suspension under point (a) are not met</u> .	(b) terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe.	(b) <u>if there is no reasonable expectation that these efforts would succeed, or if the implementation of the enhanced prevention action plan failed to prevent or mitigate the adverse impact,</u> terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe.
Article 7(5), first subparagraph, point (ba)				
183a		<u>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</u>		<u>Prior to temporarily suspending or terminating the business relationship, the company shall assess whether the adverse impacts of doing so can be reasonably expected to be manifestly more severe than the adverse impact that</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<i>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.</i>		<i>could not be prevented or adequately mitigated. Should that be the case, the company shall not be required to suspend or to terminate the business relationship, and shall be in a position to report to the competent supervisory authority about the duly justified reasons of such decision.</i>
Article 7(5), second subparagraph				
184	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 <u>suspend or terminate</u> the business relationship in contracts governed by their laws, <u>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.</u>	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 accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.	Member States shall provide for the availability of an option to <u>temporarily suspend or terminate</u> the business relationship in contracts governed by their laws <u>in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.</u>
Article 7(5a)(6)				
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	6. By way of derogation from paragraph 5, <u>first subparagraph,</u> point (b), when companies referred to in Article 3, point (a)(iv), provide	6. By way of derogation from paragraph 5, point (b), when companies referred to in regulated financial undertakings	6. By way of derogation from paragraph 5, point (b), when companies referred to in Article 3, point (a)(iv), provide credit, loan or

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p>	<p>credit, loan or other financial services<u>financial services to entities that cause or contribute to potential adverse impacts within the meaning of paragraph 1</u>, 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. <u>In addition to paragraph 5, second subparagraph, a decision to terminate the</u> 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 to influence the entity to whom that service is being provided <u>to prevent or adequately mitigate adverse potential impacts.</u></p>	<p>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.</p>	<p>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. <u>Deleted</u></p>
Article 7(6), second subparagraph				
185a			<p>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</p>	<p><u>Deleted</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			the first subparagraph, it shall monitor the actual adverse impact while pursuing prevention or mitigation efforts.	
Article 7(5b), first subparagraph				
6	185b		7. By way of derogation from paragraph 5, the company shall not be required to terminate the business relationship in case where:	<u>Deleted</u>
Article 7(7), first subparagraph, point (a)				
6	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 adequately mitigated; or	<u>Deleted</u>
Article 7(7), first subparagraph, point (a)				
6	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.	<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	<u>Deleted</u>
	Article 7(5c)			
185f			The company shall monitor the potential adverse impact, periodically reassess its decision not to terminate the business relationship and seek alternative business relationships.	<p><u>Where the company decides to temporarily suspend or terminate the business relationship, the company 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.</u></p> <p><u>Where the company decides not to temporarily suspend or terminate the business relationship in line with this article, the company shall monitor the potential adverse impact and periodically reassess its decision and whether further appropriate measures are available.</u></p>
	Article 7(5d)			

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
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.	<u>Deleted</u>
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 Bringing actual adverse impacts to an end Text Origin: Commission Proposal
Article 8(-1)(1)				
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 <i>paragraphs 2 to 6 of</i> 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.	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 <i>paragraphs 2 to 6 of</i> <u>Article 6a</u> and with this Article.
Article 8(-1), (1) a				
187a				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			To determine the appropriate measures referred to in the first subparagraph, due account shall be taken of:	<u>To determine the appropriate measures referred to in the first subparagraph, due account shall be taken of:</u>
Article 8(-1), (1) a, point (a)				
6	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;	<u>(a) whether the actual adverse impact is caused only by the company; whether it is caused jointly by the company and its subsidiary or business partner, through acts or omissions; or whether it is caused only by the company's business partner in the chain of activities;</u>
Article 8(-1), (1) a, point (b)				
6	187c		(b) whether the actual adverse impact occurred in the operations of the subsidiary, direct business partner or indirect business partner; and	<u>(b) whether the actual adverse impact occurred in the operations of the subsidiary, direct business partner or indirect business partner; and</u>
Article 8(-1), (1) a, point (c)				
6	187d		(c) the ability of the company to influence the business partner causing the actual adverse impact.	<u>(c) the ability of the company to influence the business partner causing or jointly causing the actual adverse impact.</u>
Article 8(2)				

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188	2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies minimise the extent of such an impact.	2. Where the adverse impact cannot <u>immediately</u> be brought to an end, Member States shall ensure that companies minimise <u>adequately mitigate</u> the extent of such an impact, <u>while pursuing all efforts to bring the adverse impact to an end</u> .	2. Where the adverse impact cannot be brought to an end, Member States shall ensure that companies minimise the extent of such an impact.	2. Where the adverse impact cannot <u>immediately</u> be brought to an end, Member States shall ensure that companies minimise the extent of such an impact.
Article 8(2a)				
188a		<u>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</u>		<u>Deleted</u>

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		<u>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 adverse impact shall consider using its leverage with responsible parties to enable the remediation of any damage caused by an impact.</u>		
Article 8(2b)				
188b		<u>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.</u>		<u>Deleted</u>
Article 8, 3.				
189	3. Companies shall be required to take the following actions, where relevant:	3. Companies shall be required to take <u>appropriate measures, including</u> the following actions, where relevant:	3. Companies shall be required to take the following actions, where relevant:	3. <u>Companies shall be required to take the following actions</u> <u>appropriate measures,</u> 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	(a) <u>in accordance with Article 8c,</u> neutralise the adverse impact or <u>minimise adequately mitigate</u> its extent, including by the payment of damages to the affected persons and of financial compensation by	(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	(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

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	<p>proportionate to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact;</p>	<p><u>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.</u> The action shall be proportionate <u>and commensurate</u> to the significance and scale of the adverse impact and to the contribution of the company's conduct to the adverse impact <u>and to its resources and leverage</u>;</p>	<p>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;</p>	<p>proportionate to the significance and scale <u>severity</u> of the adverse impact and to the contribution of the company's conduct to <u>implication in</u> the adverse impact;</p> <p><small>Text Origin: Council Mandate</small></p>
Article 8, 3., point (b)				
191	<p>(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;</p>	<p>(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 <u>the implementation of appropriate measures and</u> action, and qualitative and quantitative indicators for measuring improvement. Where relevant, the corrective <u>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</u> shall</p>	<p>(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;</p>	<p>(b) <u>where necessary due to the fact that the adverse impact cannot be immediately brought to an end, without undue delay</u> develop and implement a corrective action plan with reasonable and clearly defined timelines for action <u>the implementation of appropriate measures</u> and qualitative and quantitative indicators for measuring improvement. Where relevant, <u>Companies may develop their action plans in cooperation with industry or multi-stakeholder initiatives.</u> The corrective action plan shall be developed in consultation with stakeholders <u>adapted to companies' operations and chain of activities</u>;</p>

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		be developed in consultation with stakeholders <u>considered an appropriate measure to minimise environmental adverse impacts related to climate change mitigation pursuant to paragraphs 1 and 2 of this Article;</u>		
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 <u>choose to establish through contractual assurances from a direct provisions with a</u> partner with whom it has an established <u>a</u> business relationship that it will ensure compliance with the <u>company's</u> 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 <u>reasonable, non-discriminatory and fair</u> contractual assurances from its <u>provisions with their</u> 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 <u>partner</u> 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 <u>chain of activities</u> (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 <u>partner</u> that it will ensure compliance with the <u>company's</u> code of conduct and, as necessary, a corrective action plan, including by seeking <u>establishing</u> corresponding contractual assurances from its partners, to the extent that they <u>their activities</u> are part of the value <u>company's</u> chain (contractual cascading) <u>of activities</u> . 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	(d) make necessary <u>modifications, improvements to, withdrawals of or</u>	(d) make necessary financial or non-financial investments, such as	(d) make necessary <u>financial or non-financial</u> investments,

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	production processes and infrastructures to comply with paragraphs 1, 2 and 3;	investments <u>in, the company's own operations</u> , such as into management, <u>production or other operational</u> or production processes, <u>facilities, products and product traceability, projects, services and skills</u> and infrastructures to comply with paragraphs 1, 2 and 3;	into management or production processes and infrastructures to comply with paragraphs 1, 2 and 3;	<u>adjustments or upgrades</u> , such as into management or production facilities, production or other operational processes and infrastructures to comply with paragraphs 1, 2 and 3;
Article 8, 3., point (da)				
6	193a	<u>(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;</u>		<u>(da) make necessary modifications of, or improvements to, the company's own business plan, overall strategies and operations, including purchasing practices, design and distribution practices;</u>
Article 8, 3., point (e)				
6	194	(e) provide targeted and proportionate <u>financial and administrative</u> support for an SME with which the company has an established <u>business relationship;</u> 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.	(e) provide targeted and proportionate support for an SME with which <u>is a business partner of the company, where necessary in light of the resources, knowledge and constraints of the SME, including by providing or enabling access to capacity-building, training or upgrading management</u>

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			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;	systems, and has an established business relationship , where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME; <u>providing targeted and proportionate financial support, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing.</u>
Article 8, 3., point (ea)				
194a		<u>(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;</u>		deleted
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	(f) in compliance with Union law including competition law, collaborate with other entities, including, where relevant, to increase the company's ability to	(f) in compliance with Union law, including competition law, collaborate with other entities, including, where relevant, to increase the company's ability to	(f) in compliance with Union law, including competition law, collaborate with other entities, including, where relevant, to increase the company's ability to

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	bring the adverse impact to an end, in particular where no other action is suitable or effective.	bring the adverse impact to an end, in particular where no other action is suitable or effective.	bring the adverse impact to an end or minimise the extent of such impact , in particular where no other action is suitable or effective-	bring the adverse impact to an end <i>or minimise the extent of such impact</i> , in particular where no other action <i>measure</i> is suitable or effective.
Article 8, 3., point (fa)				
6	195a		(g) provide remediation to the affected persons and communities.	<i>(g) provide remediation in accordance with Article 8c.</i>
Article 8, 3., point (fb)				
6	195b	<i>(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.</i>		deleted
Article 8(-3a)				
6	195c			<i>Deleted</i>
Article 8, 3., point (fd)				
6	195d	<i>3a. When distributing or selling a product or providing a service,</i>		<i>3a. Companies may carry out, where relevant, appropriate</i>

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		<p><u>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.</u></p>		<p><u>measures in addition to the measures included in paragraph 3, such as engaging with a business partner about the company's expectations with regard to bringing adverse impacts to an end or minimise the extent of such impacts, or 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.</u></p>
Article 8(4)				
196	<p>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 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.</p>	<p><i>deleted</i></p>	<p>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 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.</p>	<p>4. As regards actual adverse impacts that could not be brought to an end or <u>the extent of which could not be</u> adequately mitigated <u>minimised</u> by the <u>appropriate</u> measures <u>listed</u> in paragraph 3, the company may seek to conclude a contract with a partner with whom it has <u>contractual assurances with</u> an indirect relationship <u>business partner</u>, with a view to achieving compliance with the company's code of conduct or a corrective action plan.— When such a contract is concluded <u>assurances are sought</u>, paragraph 5 shall apply.</p>

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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 <u>provisions</u> 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 <u>support carrying out due diligence.</u>	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 shall be accompanied by the appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to suitable <u>independent third-party verification, including through industry initiatives or independent third-party verification or multi-stakeholder initiatives.</u>
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 <u>provisions, including contractual, are established</u> , or a contract is entered into, with an <u>SME a business relationship</u> , 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. <u>SMEs may share the results of the verifications carried out in relation to themselves with multiple companies.</u>	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, or a contract is entered into, with an SME, the terms used shall be fair, reasonable and non-discriminatory. <u>The company shall also assess whether the contractual assurances with an SME should be accompanied by some of the appropriate measures for SMEs included in paragraph 3, point (e).</u> Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification. <u>In case the SME requests to pay at least a part of the cost, or in agreement with the company, the SME shall be able to share the</u>

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				<u>results of verifications with other companies.</u>
Article 8(5a)				
6	198a	<u>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.</u>		deleted
Article 8(5b)				
6	198b	<u>In seeking such contractual provisions, companies shall assess whether the business partner can reasonably be expected to comply with those provisions.</u>		deleted
Article 8(6), first subparagraph				
6	199	6. As regards actual adverse impacts within the meaning of paragraph 1 that <u>a company caused or contributed to, and that</u> 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 <u>mitigated, and where there is no reasonable prospect of change</u> , the company shall <u>be required to</u>	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	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, <u>as a last resort</u> , the company shall <u>be required to</u> refrain from entering into new or extending existing relations with the <u>business</u> partner

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	arisen and shall, where the law governing their relations so entitles them to, take one of the following actions:	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 shall, where the law governing their relations so entitles them to, take one of the following actions <u>as a last resort, in line with responsible disengagement</u> :	to 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 one of the following actions:	in connection to with or in the value chain of <u>activities of</u> which the impact has arisen and shall, where the law governing their relations so entitles them to, take one of the following actions, <u>as a last resort</u> :
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 <u>prevention and mitigation efforts</u>	(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	(a) temporarily suspend commercial <u>adopt and implement an enhanced corrective action plan for the specific adverse impact without undue delay, including by using or increasing the company's leverage through the temporary suspension of business</u> relationships with <u>respect to the activities concerned, as long as there is reasonable expectation that these</u> the partner in question, while pursuing efforts to bring to an end or minimise the extent of the adverse impact, or <u>will succeed. The action plan shall include a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners;</u>
Article 8(6), first subparagraph, point (b)				

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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 <u>account of the severity of the actual</u> adverse impact, <u>or if the conditions for temporary suspension under point (a) are not met</u> is considered severe .	(b) terminate the business relationship with respect to the activities concerned, if the adverse impact is considered severe.	(b) <u>if there is no reasonable expectation that these efforts would succeed, or if the implementation of the enhanced corrective action plan failed to bring to an end or minimise the extent of the adverse impact</u> , terminate the business relationship with respect to the activities concerned; if the <u>actual</u> adverse impact is considered severe.
Article 8(6), first subparagraph, point (ba)				
201a		<u>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.</u>		<u>Prior to temporarily suspending or terminating the business relationship, the company shall assess whether the adverse impacts of doing so can be reasonably expected to be manifestly more severe than the adverse impact that could not be brought to an end or the extent of which could not be adequately minimised. Should that be the case, the company shall not be required to suspend or to terminate the business relationship, and shall be in a position to report to the competent supervisory authority about the duly justified reasons of such decision.</u>

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	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 <u>suspend or</u> terminate the business relationship in contracts governed by their laws, <u>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.</u>	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 accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.	Member States shall provide for the availability of an option to <u>temporarily suspend or</u> terminate the business relationship in contracts governed by their laws <u>in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.</u>
	Article 8(6a)(7)			
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 <u>financial services to entities that cause or contribute to actual adverse impacts in the meaning of paragraph 1</u> , they shall not be required to terminate the credit, loan or other <u>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</u> financial service contract <u>in derogation from paragraph 6, point (b) may only be</u>	7. By way of derogation from paragraph 6, point (b) , when companies referred to in 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.	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. <u>Deleted</u>

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		<p><u>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</u> when this can be reasonably expected to cause substantial prejudice to the entity to whom that service is being provided <u>to bring actual adverse impacts to an end or to minimise their extent.</u></p>		
Article 8(7), second subparagraph				
6	203a		<p>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.</p>	<u>Deleted</u>
Article 8(6b), first subparagraph				
6	203b		<p>8. By way of derogation from paragraph 6, the company shall not be required to terminate the business relationship in case where:</p>	<u>Deleted</u>
Article 8(8), first subparagraph, point (a)				

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6	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	Deleted
Article 8(8), first subparagraph, point (a)				
6	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.	Deleted
Article 8(8), second subparagraph				
6	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.	Deleted
Article 8(6c)				
6	203f			

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			The company shall monitor the actual adverse impact, periodically reassess its decision not to terminate the business relationship and seek alternative business relationships.	<p><u>Where the company decides to temporarily suspend or terminate the business relationship, the company 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.</u></p> <p><u>Where the company decides not to temporarily suspend or terminate the business relationship in line with this article, the company shall monitor the potential adverse impact and periodically reassess its decision and whether further appropriate measures are available.</u></p>
Article 8(6d)				
6	203g		9. The obligation to temporarily 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.	<u>Deleted</u>
Article 8a				
6	203h		<u>Article 8a</u>	

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		<u><i>Appropriate measures by institutional investors and asset managers to induce their investee companies to bring actual adverse impacts caused by them to an end</i></u>		<u><i>Deleted</i></u>
Article 8a(1)				
g	203i	<u><i>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.</i></u>		<u><i>Deleted</i></u>
Article 8a(2)				
g	203j	<u><i>2. Where the adverse impact cannot be brought to an end, Member States shall ensure that institutional investors and asset managers induce their investee companies to minimise the extent of such an impact.</i></u>		<u><i>Deleted</i></u>
Article 8a(3)				
g	203k	<u><i>3. Where relevant, institutional investors and asset managers shall be required to engage with the</i></u>		<u><i>Deleted</i></u>

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		<p><u>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.</u></p>		
Article 8b				
G	2031	<p><u>Article 8b</u> <u>Prioritising actual and potential adverse impacts</u></p>		<u>Deleted</u>
Article 8b(1)				
G	203m	<p><u>1. In cases where it is not possible to prevent, bring to an end or mitigate all identified adverse impacts simultaneously through</u></p>		<u>Deleted</u>

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		<u>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.</u>		
Article 8b(2)				
6	203n	<u>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.</u>		<u>Deleted</u>
Article 8b(3)				
6	203o	<u>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 adverse impacts.</u>		<u>Deleted</u>
Article 8c				
6	203p	<u>Article 8c Remediation of actual adverse impacts</u>		<u>Article 8c Remediation of actual adverse impacts</u>
Article 8c(1)				

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203q		<u>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.</u>		<u>1. Member States shall ensure that where a company has caused or jointly caused an actual adverse impact, that company shall provide remediation.</u>
Article 8c(2)				
203r		<u>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 contribution to investigations. Companies shall prevent additional harm being caused.</u>		<u>Deleted</u>
Article 8c(3)				
203s		<u>3. Member states shall ensure that the single helpdesk as designated pursuant to Article 14a acts as a</u>		<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>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.</i></u>		
Article 8c(4)				
203t		<u><i>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.</i></u>		<u><i>2. Where the actual adverse impact is caused only by the company's business partner, voluntary remediation may be provided by the company. The company may also use its ability to influence the business partner causing the adverse impact to enable remediation.</i></u>
Article 8d				
203u		<u><i>Article 8d Carrying out meaningful engagement with affected stakeholders</i></u>		<u><i>Article 8d Carrying out meaningful engagement with stakeholders</i></u>
Article 8d(1)				
203v		<u><i>1. Member States shall ensure that companies take appropriate measures to carry out meaningful engagement with affected</i></u>		<u><i>1. Member States shall ensure that companies take appropriate measures to carry out effective</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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.</u></p>		<p><u>engagement with stakeholders, in accordance with this article.</u></p>
Article 8d(2)				
203w		<p><u>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 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.</u></p>		<p><u>2. Without prejudice to Directive (EU) 2016/943, when consulting with stakeholders, companies shall, as appropriate, provide relevant and comprehensive information to stakeholders, in order to carry out effective and transparent consultations. Without prejudice to Directive (EU) 2016/943, consulted stakeholders shall be allowed to make a reasoned request for relevant additional information, which shall be provided by the company within a reasonable period of time and in an appropriate and comprehensible format. If the company refuses a request for additional information, the consulted stakeholder shall be entitled to written justification for that refusal.</u></p>
Article 8d(2a)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
203x				<p><u>2a. Consultation of stakeholders shall take place, in the following steps of the due diligence process:</u></p> <p><u>(a) to gather the necessary information on actual or potential adverse impacts, in order to identify, assess and prioritise adverse impacts pursuant to Articles 6 and 6a;</u></p> <p><u>(b) the development of prevention and corrective action plans pursuant to Article 7(2) and Article 8(3), and the development of enhanced prevention and corrective action plans pursuant to Article 7(5) and Article 8(6);</u></p> <p><u>(c) the decision to terminate or suspend a business relationship pursuant to Article 7(5) and Article 8(6);</u></p> <p><u>(d) the adoption of appropriate measures to remediate adverse impacts pursuant to Article 8c.</u></p> <p><u>(e) as appropriate, when developing qualitative and quantitative indicators for the monitoring pursuant to Article 10.</u></p>
Article 8d(4)				
203y				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>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.</u>		<u>3. Where it is not reasonably possible to carry out effective engagement with stakeholders to the extent necessary to comply with the requirements of this Directive, companies shall consult additionally with experts who can provide credible insights into potential or actual adverse impacts.</u>
Article 8d(5)				
g	203z	<u>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.</u>		<u>4. In consulting 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.</u>
Article 8d(6)				
g	203aa	<u>5. Companies shall set up an appropriate framework for consulting affected stakeholders. Companies may decide to identify</u>		<u>5. Member States shall ensure that companies are allowed to fulfil the obligations laid down in this Article through industry or multi-</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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.</u></p>		<p><u>stakeholder initiatives, as appropriate, provided that the consultations procedures meet the requirements set out in this Article. The use of industry and multi-stakeholder initiatives shall not be sufficient to fulfil the obligation to consult the company's own employees and their representatives.</u></p>
Article 8d(7)				
203ab		<p><u>6. Workers and their representatives shall be informed by 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</u></p>		<p><u>6. Engagement with employees and their representatives shall be without prejudice to relevant EU and national legislation in the field of employment and social rights as well as collective agreements applicable.</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>well as collective agreements applicable.</u>		
Article 8d(8)				
203ac		<u>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.</u>		<u>Deleted</u>
Article 9				
204	Article 9 Complaints procedure	Article 9 Complaints procedure <u>Notification and non-judicial grievance mechanism</u>	Article 9 Complaints procedure	Article 9 <u>Notification mechanism and</u> complaints procedure
Article 9(1)				
205	1. Member States shall ensure that companies provide the possibility for persons and organisations listed	1. Member States shall ensure that companies provide the possibility for <u>publicly available and effective</u>	1. Member States shall ensure that companies provide the possibility for persons and organisations listed	1. Member States shall ensure that companies provide the possibility for persons and organisations listed

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p>	<p><u><i>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,</i></u> where they have legitimate <u><i>information or</i></u> concerns regarding actual or potential adverse human rights impacts and adverse or environmental impacts with respect to their <u><i>the companies'</i></u> own operations, the operations of their subsidiaries and their value chains. <u><i>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.</i></u></p>	<p>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.</p>	<p>in paragraph 2 to submit complaints to them where they <u><i>these persons or organisations</i></u> have legitimate concerns regarding actual or potential adverse human rights impacts and adverse environmental impacts with respect to their <u><i>the companies'</i></u> own operations, the operations of their subsidiaries and/or the operations of their value <u><i>business partners in the companies'</i></u> chains <u><i>of activities.</i></u></p> <p><small>Text Origin: Council Mandate</small></p>
Article 9(2)				
6 206	<p>2. Member States shall ensure that the complaints may be submitted by:</p>	<p>2. Member States shall ensure that the complaints <u><i>grievances</i></u> may be submitted by:</p>	<p>2. Member States shall ensure that the complaints may be submitted by:</p>	<p>2. Member States shall ensure that the complaints may be submitted by:</p> <p><small>Text Origin: Council Mandate</small></p>
Article 9(2), point (a)				

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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, <u>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,</u>	(a) persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact;	(a) <u>natural or legal</u> persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact, <u>and the legitimate representatives of such persons on behalf of them, such as civil society organisations and human rights defenders;</u>
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	(b) trade unions and other workers' representatives representing individuals working in the value chain <u>chain of activities</u> concerned; <u>and</u> <small>Text Origin: Council Mandate</small>
Article 9(2), point (c)				
209	(c) civil society organisations active in the areas related to the value chain concerned.	<i>deleted</i>	(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 complaint.	(c) civil society organisations active <u>and experienced</u> in the areas related to the <u>environmental adverse impact that is the subject matter of the complaint</u> value chain concerned. <small>Text Origin: Council Mandate</small>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 9(2), point (ca)				
209a		<p><u>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:</u></p> <p><u>(a) legal or natural persons defending human rights or the environment;</u></p> <p><u>(b) civil society organisations active in the areas related to the value chain concerned.</u></p>		<u>Deleted</u>
Article 9(2a)(3)				
210	<p>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 within the meaning of Article 6.</p>	<p>3. Member States shall ensure that the companies establish a procedure for dealing with complaints<u>notifications and grievances</u> referred to in paragraph 1, including a procedure when the company considers the complaint<u>notifications or grievances</u> to be unfounded, and inform the relevant workers and trade unions<u>affected stakeholders, and their representatives where applicable, and other relevant persons or organisations covered by paragraphs 2 and 2a,</u> of those procedures. Member States shall</p>	<p>32a. 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 Statesthat procedure. The procedure 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</p>	<p>3. Member States shall ensure that the companies establish a <u>fair, publicly available, accessible, predictable and transparent</u> 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 <u>representatives</u> and trade unions of those procedures. Member States<u>that procedure. Companies</u> shall ensure that where the complaint is well-founded, the adverse impact that is the subject matter<u>take reasonably</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		ensure that where the complainant <u>notification or grievance</u> is well-founded, the adverse impact that is the subject matter of the complainant <u>notification or grievance</u> is deemed to be identified within the meaning of Article 6.	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.	<u>available measures to prevent any form of retaliation by ensuring the confidentiality of the identity of the person or organisation submitting the complaint, in accordance with national law. Where information needs is deemed to be identified within the meaning of Article 6 shared, it shall be in a manner that does not endanger the complainant's safety, including by not disclosing their identity.</u>
Article 9(2a), (3) a				
g	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.	<u>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, 8 and 8c.</u>
Article 9(2a), (3) b				
g	210b	<u>3a. Member States shall ensure that when companies establish or participate in notification and grievance mechanisms, those mechanisms are legitimate, accessible, predictable, equitable,</u>		<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>transparent, rights-compatible, gender- and culturally responsive, 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.</u></p>		
Article 9(2a), (3) c				
6 210c		<p><u>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.</u></p>		<p><u>Deleted</u></p>
Article 9(2a), (3) d				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement		
6	210d	<p><u>3c. Member States shall ensure 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:</u></p> <p><u>(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;</u></p> <p><u>(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;</u></p> <p><u>(c) to request that companies remediate or contribute to the remediation of actual adverse impacts, in line with Article 8c.</u></p>		<u>Deleted</u>	6	
Article 9(4)						
6	211	<p>4. Member States shall ensure that complainants are entitled</p>	<p>4. Member States shall ensure that complainants<u>persons submitting notifications under paragraph 2a, where they do not do so</u></p>	<p>4. Member States shall ensure that complainants are entitled:</p>	<p>4. Member States shall ensure that complainants are entitled:<u>.</u></p>	6

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>anonymously</u> , are entitled <u>to receive timely and appropriate follow-up from the company with which they have filed a notification pursuant to paragraph 1.</u>		Text Origin: Commission Proposal
Article 9(4), point (a)				
6	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	<i>deleted</i>	(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	(a) to request appropriate follow-up on the complaint from the company with which they have filed a complaint pursuant to paragraph 1; and ; <u>and</u> Text Origin: Council Mandate
Article 9(4), point (b)				
6	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.	<i>deleted</i>	(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.	(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; <u>and potential remediation in line with Article 8c;</u> Text Origin: Council Mandate
Article 9(4), point (ba)				
6	213a			<u>(ba) to be provided with the reasoning as to whether a complaint has been considered founded or unfounded and, where founded, to be provided with</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>information on the steps and actions taken or to be taken.</u>
Article 9(4a)				
213b			<p>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.</p>	<p><u>5. Member States shall ensure that companies establish an accessible mechanism for the submission of notifications by persons and organisations where they have information or concerns regarding actual or potential adverse impacts with respect to their own operations, the operations of their subsidiaries and the operations of their business partners in the companies' chains of activities.</u></p> <p><u>The mechanism shall ensure that notifications can be made either anonymously or confidentially in accordance with national law. Companies shall take reasonably available measures to prevent any form of retaliation by ensuring the confidentiality of the identity of the person or organisation submitting the complaint, in accordance with national law. The company may inform the persons submitting notifications about steps and actions taken or to be taken, where relevant.</u></p>
Article 9(4b)				

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213c		<u>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.</u>		<u>6. Member States shall ensure that companies are allowed to fulfil the obligations laid down in paragraphs 1, 3, first subparagraph, and 5, by participation in collaborative complaints' procedures and notification mechanisms, including those established jointly by companies, through industry associations, multi-stakeholder initiatives or global framework agreements, provided that the collaborative procedures and mechanisms meet the requirements set out in this Article.</u>
Article 9(4c)				
213d		<u>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.</u>		<u>7. The submission of a notification or complaint under this Article shall not be a prerequisite for or preclude the persons submitting them from having access to the procedures under Article 19 and 22 or to other non-judicial mechanisms.</u>
Article 10				
214	Article 10	Article 10	Article 10	Article 10

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Monitoring	Monitoring <u>and verifying</u>	Monitoring	Monitoring Text Origin: EP Mandate
Article 10, first paragraph				
215	<p>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.</p>	<p>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 <u>continuously verify the implementation and monitor the adequacy and effectiveness</u> 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 <u>actions taken in accordance with this Directive. Monitoring and verification</u> shall be based, where appropriate, on qualitative and quantitative indicators and be carried out at least every 12 months <u>continuously, taking into account the nature, severity and likelihood of the adverse impacts in question</u> and whenever there are reasonable grounds to believe that significant new risks of the occurrence of those adverse impacts may arise. <u>Where appropriate</u>, the</p>	<p>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.</p>	<p><u>1.</u> 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 <u>chains of activities</u> of the company, those of their established business relationships, to partners, to assess the implementation and to monitor the <u>adequacy and</u> 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 <u>without undue delay after a significant change occurs, but</u> 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. <u>Where appropriate</u>, the due diligence policy, <u>the identified adverse impacts and the derived appropriate measures</u> shall be</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		due diligence policy, <u>the prevention action plan and the corrective action plan</u> shall be <u>reviewed and</u> updated in accordance with the outcome of those assessments.		updated in accordance with the outcome of those assessments <u>and with due consideration of relevant information from stakeholders.</u>
Article 10, first paragraph a				
6	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).	<u>Deleted</u>
Article 11				
6	216	Article 11 Communicating	Article 11 Communicating	Article 11 Communicating Text Origin: Commission Proposal
Article 11, first paragraph				
6	217			

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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 international business. The statement shall be published by 30 April each year, covering the previous calendar year.</p>	<p><u>1.</u> 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 international business <u>at least one of the official languages of the Union</u>. The statement shall be published by 30 April each year, covering the previous calendar year <u>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.</u></p>	<p>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 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.</p>	<p><u>1.</u> Member States shall ensure that companies that are not subject to reporting requirements under Articles 19a and 29a of Directive 2013/34/EU <u>Without prejudice to the exemption in paragraph 2 of this Article, Member States shall ensure that companies</u> report on the matters covered by this Directive by publishing on their website an annual statement. <u>This annual statement shall be published:</u></p> <p><u>(a) in at least one of the official languages of the Union of the Member State of the supervisory authority designated pursuant to Article 17 and, where different,</u> in a language customary in the sphere of international business.;</p> <p><u>(b) within a reasonable period of time, but no later than 12 months after the balance sheet date of the financial year for which the statement shall be published by 30 April each year, covering the previous calendar year is drawn up, or, for companies voluntarily reporting in accordance with Directive 2013/34/EU, by the date of publication of the annual financial statements.</u></p> <p><u>In the case of a company formed in accordance with the legislation of a third country, the statement shall</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>also include the information pursuant to Article 16(2) regarding the company's authorised representative.</u>
Article 11, first paragraph a				
6	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.	<u>2. Paragraph 1 shall not apply to companies that are subject to sustainability reporting requirements in accordance with Articles 19a, 29a or 40a of Directive 2013/34/EU, including those that are exempted in accordance with Articles 19a(9) or 29a(8) of that Directive.</u>
Article 11, second paragraph				
6	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 and actions taken on those.	<u>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 outlined in Article 40b of Directive 2013/34/EU, and</u> specifying information on the description of due diligence, potential and actual adverse impacts and actions taken on those. <u>This reporting should be sufficiently detailed to demonstrate it complied with the obligations under this Directive.</u>	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 and actions taken on with respect to those impacts .
				<u>3. No later than 31 March 2027, the Commission shall adopt delegated acts in accordance with Article 28 concerning the content and criteria for suchthe reporting under paragraph 1, specifying, in particular, sufficiently detailed information on the description of due diligence, potential and actual adverse impacts identified and appropriate measures and actions taken onwith respect to those impacts. In preparing these delegated acts, the Commission shall take due account of, and align them as appropriate with, the</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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.</u></p> <p><u>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.</u></p>		<p><u>sustainability reporting standards adopted pursuant to Article 29b and 40b of Directive 2013/34/EU.</u></p> <p><u>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 under Article 4 of Regulation (EU) 2019/2088, while maintaining in full the minimum obligations stipulated in this Directive.</u></p>
Article 11a				
6	218a	<p><u>Article 11a</u> <u>Accessibility of information on the European Single Access Point (ESAP)</u></p>		<p><u>Article 11a</u> <u>Accessibility of information on the European Single Access Point (ESAP)</u></p>
Article 11a(1)				
6	218b			6

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>1. 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}.</u></p> <p><u>That information shall comply with all of the following requirements:</u></p> <p><u>(a) the information shall be 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};</u></p> <p><u>(b) the information shall be accompanied by all the following metadata:</u></p> <p><u>(i) all the names of the company to which the information relates;</u></p> <p><u>(ii) the legal entity identifier of the company, as specified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];</u></p>		<p><u>1. From 1 January 2029, Member States shall ensure that, when making public the annual statement referred to in Article 11(1) of this Directive, companies submit that statement at the same time to the collection body referred to in paragraph 3 of this Article for the purpose of making it accessible on the European Single Access Point (ESAP), as established under Regulation (EU) 2023/2859 of the European Parliament and of the Council¹.</u></p> <p><u>Member States shall ensure that the information complies with the following requirements:</u></p> <p><u>(a) be submitted in a data extractable format as defined in Article 2, point (3), of Regulation (EU) 2023/2859 or, required by Union or national law, in a machine-readable format, as defined in Article 2, point (4), of that Regulation;</u></p> <p><u>(b) be accompanied by the following metadata:</u></p> <p><u>(i) all the names of the company to which the information relates;</u></p> <p><u>(ii) the legal entity identifier of the company, as specified pursuant</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>(iii) the size of the company by category, as specified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];</u></p> <p><u>(iv) the type of information, as classified pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation];</u></p> <p><u>(v) the specific period for which the information is to be made publicly available on ESAP, where relevant.</u></p> <p><u>1a. Regulation (EU) XX/XXXX of the European Parliament and of the Council establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (OJ L [...]. [...]. [...]. [...]).</u></p> <p><u>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).</u></p> <p><u>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)</u></p>		<p><u>to Article 7(4), point (b), of Regulation (EU) 2023/2859 ;</u></p> <p><u>(iii) the size of the company by category, as specified pursuant to Article 7(4), point (d), of that Regulation;</u></p> <p><u>(iv) the industry sector(s) of the economic activities of the company, as specified pursuant to Article 7(4), point (e), of that Regulation;</u></p> <p><u>(v) the type of information, as classified pursuant to Article 7(4), point (c), of that Regulation;</u></p> <p><u>(vi) an indication of whether the information includes personal data.</u></p> <p><u>1. Regulation (EU) 2023/2859 of the European Parliament and of the Council of 13 December 2023 establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (OJ L, 2023/2859, 20.12.2023).</u></p>
Article 11a(2)				
218c		<p><u>2. For the purposes of paragraph 1(b)(ii), Member States shall ensure that companies acquire a legal entity identifier as specified</u></p>		<p><u>2. For the purposes of paragraph 1(b)(ii), Member States shall ensure that companies obtain a legal entity identifier.</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>pursuant to Article 7(4) of Regulation (EU) XX/XXXX [ESAP Regulation].</u>		
Article 11a(3)				
218d		<u>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.</u>		<u>3. By 31 December 2028, for the purposes of making the information referred to in paragraph 1 of this Article accessible on ESAP, Member States shall designate at least one collection body as defined in Article 2, point (2), of Regulation (EU) 2023/2859 and notify ESMA thereof.</u>
Article 11a(4)				
218e		<u>4. 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:</u> <u>(a) any other metadata to accompany the information;</u>		<u>4. For the purposes of ensuring the efficient collection and management of information submitted in accordance with paragraph 1, the Commission shall be empowered to adopt implementing measures to specify:</u> <u>(a) any other metadata to accompany the information;</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>(b) the structuring of data in the information;</u></p> <p><u>(c) whether a machine-readable format is required and which machine-readable format is to be used.</u></p>		<p><u>(b) the structuring of data in the information;</u></p> <p><u>(c) for which information a machine-readable format is required and, in such cases, which machine-readable format is to be used.</u></p>
Article 12				
219	Article 12 Model contractual clauses	Article 12 Model contractual clauses	Article 12 Model contractual clauses	Article 12 Model contractual clauses Text Origin: Commission Proposal
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, <u>in consultation with Member States and relevant stakeholders,</u> adopt guidance, <u>tailored to the sector and size of companies,</u> about voluntary model contract clauses <u>by the application date of this Directive. Those model contractual clauses shall stipulate, as a minimum:</u>	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.	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, <u>in consultation with Member States and stakeholders,</u> shall adopt guidance about voluntary model contract contractual clauses, <u>no later than after 30 months from the entry into force of this Directive.</u>
Article 12, first paragraph, point (a)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	220a	<u>(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</u>		<u>Deleted</u>
Article 12, first paragraph, point (b)				
6	220b	<u>(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.</u>		<u>Deleted</u>
Article 13				
6	221	Article 13 Guidelines	Article 13 Guidelines	Article 13 Guidelines Text Origin: Commission Proposal
Article 13, first paragraph				
6	222	In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence	<u>1.</u> In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence	In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence <u>1.</u> In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>obligations, 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.</p>	<p>obligations, <u>including in relation to rights and protections enshrined in the Annex</u>, the Commission, in consultation with Member States, <u>the European cross-industry and sectoral social partners and other relevant</u> and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, <u>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</u>, and where appropriate with <u>the OECD and other</u> international bodies having expertise in due diligence, may <u>shall</u> issue <u>clear and easily understandable</u> guidelines, including for <u>general and sector-specific</u> sectors or specific adverse impacts <u>guidance, in order to facilitate compliance in a practical manner</u>.</p>	<p>obligations, 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 <u>shall</u> issue guidelines, including for specific sectors or specific adverse impacts, no later than after two years from the entry into force of this Directive.</p>	<p>obligations <u>in a practical manner, and to provide support to stakeholders</u>, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, <u>the European Labour Authority</u>, and where appropriate with international <u>organisations and other</u> bodies having expertise in due diligence, may <u>shall</u> issue guidelines, including <u>general guidelines and</u> for specific sectors or specific adverse impacts.</p>
Article 13, first paragraph a				
222a		<p><u>1a. In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations, the guidelines shall include:</u></p>		<p><u>1a. These guidelines shall include:</u> <u>(a) guidance and best practices on how to conduct due diligence in line with the obligations in Articles 4 to 11, particularly, the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>(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;</u></p> <p><u>(b) lists of risk factors and accompanying guidance, including enterprise-level risk factors, geographic risk factors and sectoral risk factors;</u></p> <p><u>(c) sector specific guidance, in particular for the following sector, in line with current or future OECD guidelines:</u></p> <p><u>(i) the manufacture and the wholesale trade and retail of textiles, wearing apparel, fur, leather and related products (including footwear),</u></p> <p><u>(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 and beverages,</u></p>		<p><u>identification process pursuant to Article 6, the prioritisation of impacts pursuant to Articles 6a, appropriate measures to adapt purchasing practices pursuant to Articles 7(2) and 8(3), responsible disengagement pursuant to Articles 7(5) and 8(6), appropriate measures for remediation pursuant to Article 8c, and on how to identify and engage with stakeholders pursuant to Article 8d, including through the mechanism established in Article 9;</u></p> <p><u>(b) practical guidance on plans pursuant to Article 15;</u></p> <p><u>(c) sector specific guidance, in particular for the sectors listed in Article 2, paragraph 1, point (bb) and associated with the applicable statistical classification of economic activities established by Regulation (EC) No 1893/2006 and listed in Annex II;</u></p> <p><u>(d) guidance on the assessment of company-level, business operations, geographic and contextual, product and service, and sectoral risk factors, including those associated with conflict-affected and high-risk areas;</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>and the wholesale trade and retail of agricultural raw materials, live animals, animal products, wood, food, and beverages, and waste management,</u></p> <p><u>(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,</u></p> <p><u>(iv) the provision of financial services, investment services and activities, and other financial services;</u></p> <p><u>(d) information on how to perform heightened, conflict-sensitive due diligence in conflict-affected areas;</u></p>		<p><u>(e) references to data and information sources available for the compliance with the obligations in this Directive, and to digital tools and technologies that could facilitate and support compliance;</u></p> <p><u>(f) information on how to share resources and information among companies and other legal entities for the purpose of compliance with national provisions adopted pursuant to this Directive, in line with the protection of trade secrets pursuant to Article 4(3) and the protection from potential retaliation and retribution pursuant to Article 8d;</u></p> <p><u>(g) information for stakeholders and their representatives on how to engage throughout the due diligence process.</u></p>

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

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>prioritisation, in terms of impacts, sectors and geographical areas, may be applied to due diligence obligations depending on the size and sector of the company;</u></p> <p><u>(l) information on responsible purchasing practices;</u></p> <p><u>(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;</u></p> <p><u>(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;</u></p> <p><u>(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.</u></p>		
	Article 13, third paragraph			
6	222b	<p><u>1b. The guidelines shall be made available no later than ... [1 year</u></p>		<p><u>1b. The guidelines in paragraph 1a, points (a), (d), and (e) shall be</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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 official languages of the Union. The Commission shall periodically review the relevance of its guidelines and adapt them, including to new best practices.</u></p>		<p><u>made available no later than 30 months after the entry into force of this Directive. The guidelines in paragraph 1a, points (b), (f) and (g) shall be made available no later than 36 months after the entry into force of this Directive. The guidelines in paragraph 1a, point (c) shall be made available no later than 54 months after the entry into force of this Directive.</u></p>
Article 13, fourth paragraph				
222c		<p><u>1c. 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.</u></p>		<p><u>1c. The guidelines shall be made available in all the official languages of the Union. The Commission shall periodically review the guidelines and adapt them where appropriate.</u></p>
Article 14				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
223	Article 14 Accompanying measures	Article 14 Accompanying measures	Article 14 Accompanying measures	Article 14 Accompanying measures Text Origin: Commission Proposal
Article 14(1)				
224	<p>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.</p>	<p>1. <u>Before the entry into force of this Directive</u>, Member States <u>with the support of the Commission</u> shall <u>develop and implement measures and toolboxes</u>, in order to provide information, <u>advice</u> 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, <u>and</u> set up and operate individually or jointly dedicated <u>user-friendly</u> websites, platforms or portals. Specific consideration <u>Such information, advice and support</u> shall be given, in that respect, to the SMEs that are present in the value chains of companies <u>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</u></p>	<p>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.</p>	<p>1. Member States shall, in order to provide information and support to companies, <u>their business</u> 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 <u>and stakeholders</u>, 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 <u>chains of activities</u> of companies. <u>These websites, platforms or portals shall, in particular, give access to:</u></p> <p><u>(a) the content and criteria for reporting as defined by the Commission under Article 11;</u></p> <p><u>(b) the Commission's guidance about voluntary model contractual clauses regulated in Article 12 and guidelines regulated in Article 13;</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<i><u>with similar measures already in existence, such as information and promotion provided by OECD National Contact Points.</u></i>		<i><u>(c) the single helpdesk regulated in Article 14a; and</u></i> <i><u>(d) information for stakeholders and their representatives on how to engage throughout the due diligence process.</u></i>
Article 14(1a)				
224a		<i><u>1a. The Commission shall establish 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.</u></i>		<i><u>Deleted</u></i>
Article 14(1b)				
224b		<i><u>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</u></i>		<i><u>Deleted</u></i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<i><u>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 for affected stakeholders in relation to potential or actual adverse impacts related to business operations.</u></i>		
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 <i><u>financially shall provide financial and other support to SMEs, where relevant SMEs.</u></i>	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 support SMEs. <i><u>Member States may also provide support to stakeholders for the purpose of facilitating the exercise of the rights laid down in this Directive.</u></i>
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	3. The Commission may <i><u>shall establish advisors for due diligence under the scope of the Enterprise Europe Network and shall, including in view of ensuring</u></i>	3. The Commission may complement Member States' support measures building on existing Union action to support due diligence in the Union and in third	3. The Commission may complement Member States' support measures building on existing Union action to support due diligence in the Union and in third

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	<u>consistency</u> , 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.	countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations.	countries and may devise new measures, including facilitation of joint stakeholder initiatives to help companies fulfil their obligations. Text Origin: Commission Proposal
Article 14(3a)				
226a		<u>3a. The Commission and Member States shall ensure that the Union's cooperation and trade instruments 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.</u>		<u>Deleted</u>
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	4. <u>Without prejudice to Articles 18, 19 and 22,</u> companies may rely on <u>participate in</u> industry schemes and multi-stakeholder initiatives to support the implementation of	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	4. <u>Without prejudice to Articles 18, 19 and 22,</u> companies may rely on <u>participate in</u> industry schemes and multi-stakeholder initiatives to support the implementation of their

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p>	<p><u>aspects of their due diligence</u> 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<u>the relevant</u> obligations. The Commission and the Member States may facilitate the dissemination of information on such schemes or initiatives and their outcome<u>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 providing access to a grievance mechanism.</u> The Commission, in collaboration with Member States, may issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.<u>the OECD, the OHCHR and relevant stakeholders, shall:</u></p>	<p>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<u>shall</u> issue guidance for assessing the fitness of industry schemes and multi-stakeholder initiatives.</p>	<p>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. <u>In particular, companies may, after having assessed their appropriateness, make use of or join relevant risk analysis carried out by industry or multi-stakeholder initiatives or by members of those initiatives and may take or join effective appropriate measures through such initiatives. When doing so, companies shall monitor the effectiveness of such measures and, continue to take appropriate measures where necessary to ensure the fulfilment of their obligations.</u></p> <p>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<u>shall</u> issue guidance <u>setting out fitness criteria and a methodology for companies to assess</u>for assessing the fitness of industry schemes and multi-stakeholder initiatives.</p>
Article 14(4), point (a)				
6 227a				6

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>(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;</u>		<u>Deleted</u>
Article 14(4), point (b)				
g	227b	<u>(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 Commission under point (a). Independent third-party assessments may be carried out by Member States, the OECD or other independent third party assessors;</u>		<u>Deleted</u>
Article 14(4), point (c)				
g	227c	<u>(c) facilitate the dissemination of other relevant information on the scope, alignment and credibility of</u>		<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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.</u></p>		
Article 14(4a)				
227d		<p><u>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 act in accordance with Article 28 to specify the minimum standards, including transparency standards, for the independent third-party verification.</u></p>		<p><u>4a. Without prejudice to Articles 18, 19 and 22, companies may use independent third-party verification on and from companies in their chain of activities to support the implementation of due diligence obligations to the extent that such verification is appropriate to support the fulfilment of the relevant obligations. Third-party verification may be carried out by other companies or by an industry or multi-stakeholder initiative. Independent third-party verifiers shall act with objectivity and complete independence from the company, be free from any conflict of interests, remain free from external influence, whether direct or indirect, and shall refrain from any action incompatible with their independence. According to the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u><i>nature of the adverse impact, they shall have experience and competence in environmental or human rights matters and shall be accountable for the quality and reliability of the verification.</i></u></p> <p><u><i>The Commission, in collaboration with Member States, shall issue guidance setting out fitness criteria and a methodology for companies to assess the fitness of third party verifiers, and guidance for monitoring the accuracy, effectiveness and integrity of third-party verification.</i></u></p>
Article 14(4b)				
g	227e	<p><u><i>4b. Relevant stakeholders may submit notifications and grievances pursuant to Article 9 through industry and multi-stakeholder initiatives that the company participates in.</i></u></p>		<p><u><i>Deleted</i></u></p>
Article 14a				
g	227f		<p><u><i>Article 14a</i></u> <u><i>Single helpdesk</i></u></p>	<p><u><i>Article 14a</i></u> <u><i>Single helpdesk</i></u></p> <p>Text Origin: EP Mandate</p>
Article 14a(1)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
227g		<u>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.</u>		<u>1. The Commission shall establish a single helpdesk through which companies may seek information, guidance and support about how to fulfil their obligations under this Directive.</u>
Article 14a(2)				
227h		<u>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.</u>		<u>2. Relevant national authorities in each Member State shall collaborate with the single helpdesk in order to assist in tailoring the information and guidance to national contexts and its dissemination.</u>
Article 14a(3)				
227i		<u>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</u>		<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>implementation bodies or other relevant international instruments, such as OECD National Contact Points.</u>		
Article 15				
228	Article 15 Combating climate change	Article 15 Combating climate change	Article 15 Combating climate change	Article 15 Combating climate change Text Origin: Commission Proposal
Article 15(1)				
229	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 <u>2 develop and implement a transition plan in line with the reporting requirements in Article 2(2), point (a), shall adopt a plan</u> <u>19a of Regulation (EU) 2021/0104 (CSRD)</u> , to ensure that the business model and strategy of the company are compatible <u>aligned</u> with the <u>objectives of the</u> 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 <u>and the objective of achieving climate neutrality as established in</u>	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),	1. Member States shall ensure that companies referred to in Article 2(1), point (a), <u>points (a), (b) and (ba)</u> , and Article 2(2), point (a), shall <u>points (a), (b) and (ba)</u> , adopt <u>and put into effect a transition plan for climate change mitigation which aims a plan</u> to ensure, <u>through best efforts</u> , 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 <u>and the objective of achieving climate neutrality as established in</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>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:</u></p>	<p>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.</p>	<p><u>Regulation (EU) 2021/1119, including its intermediate and 2050 climate neutrality targets, and where relevant, the exposure of the company to coal-, oil- and gas-related activities.</u></p> <p><u>The design of the transition plan referred to in the first subparagraph shall contain:</u></p> <p><u>(a) time-bound targets related to climate change is a risk for, or an impact of, the company's operations for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence and including, where appropriate, absolute emission reduction targets for greenhouse gas for scope 1, scope 2 and scope 3 greenhouse gas emissions for each significant category;</u></p> <p><u>(b) a description of decarbonisation levers identified and key actions planned to reach targets referred to under point (a), including where appropriate changes in the undertaking's product and service portfolio and the adoption of new technologies;</u></p> <p><u>(c) an explanation and quantification of the investments and funding supporting the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>implementation of the transition plan;</u> <u>(d) a description of the role of the administrative, management and supervisory bodies with regard to the plan.</u>
Article 15(1), point (a)				
6	229a	<u>(a) the resilience of the company's business model and strategy to risks related to climate matters;</u>		<u>Deleted</u>
Article 15(1), point (b)				
6	229b	<u>(b) the opportunities for the company related to climate matters;</u>		<u>Deleted</u>
Article 15(1), point (c)				
6	229c	<u>(c) 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;</u>		<u>Deleted</u>
Article 15(1), point (d)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
g	229d	<u>(d) 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;</u>		<u>Deleted</u>
Article 15(1), point (e)				
g	229e	<u>(e) how the company's strategy has been implemented and will be implemented with regard to climate matters, including related financial and investment plans;</u>		<u>Deleted</u>
Article 15(1), point (f)				
g	229f	<u>(f) 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;</u>		<u>Deleted</u>
Article 15(1), point (g)				
g	229g			

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>(g) a description of the role of the administrative, management and supervisory bodies with regard to climate matters.</u>		<u>Deleted</u>
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.	<i>deleted</i>	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.	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. <u>Deleted</u>
Article 15(3)				
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 <u>for directors</u> is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability <u>company's transition</u>	<i>deleted</i>	3. Member States shall ensure that companies duly take into account the fulfilment <u>Companies that report a transition plan for climate change mitigation in accordance with Article 19a, 29a or 40a, as the case may be, of Directive 2013/34/EU of the European Parliament and</u> 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 <u>Council shall be deemed to have complied with the</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>plan referred to in this Article. Such a policy shall be approved by the Annual General Meeting.</i></u>		<u><i>adoption obligation set out in paragraph 1 of this Article.</i></u> <u><i>Companies that are included in the transition plan for climate change mitigation of their parent undertaking, reported in accordance with Article 29a or 40a, as the case may be, of Directive 2013/34/EU of the European Parliament and of the Council, shall be deemed to have complied with the adoption requirement set out in paragraph 1 of this Article.</i></u>
Article 15(3a)				
g	231a			<u><i>3a. Member States shall ensure that the transition plan referred to in paragraph 1 is updated every 12 months and contains a description of the progress the company has made towards achieving the targets referred to under paragraph 1, point (a).</i></u>
Article 15(3b)				
g	231b			<u><i>3b. Member States shall ensure that companies with more than 1000 employees on average have an appropriate policy to promote the implementation of the plan referred to in this Article including</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>through, among others, financial incentives to members of the administrative, management or supervisory bodies concerned.</u></p> <p><u>The first subparagraph is without prejudice to Directive 2007/36/EC of the European Parliament and of the Council.</u></p>
Article 16				
232	Article 16 Authorised representative	Article 16 Authorised representative	Article 16 Authorised representative	Article 16 Authorised representative Text Origin: Council Mandate
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 States where it operates. The designation shall be valid when confirmed as accepted by the authorised representative.	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 States where it operates. The designation shall be valid when confirmed as accepted by the authorised representative.	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 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.	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 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. Text Origin: Council Mandate
Article 16(2)				

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234	<p>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.</p>	<p>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.</p>	<p>2. Member States shall ensurerelay 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 ensurerelay down rules to require that the authorised representative is obliged to provideprovides, upon request, a copy of the designation in an official language of a Member State to any of the supervisory authorities.</p>	<p>2. Member States shall ensurelaw 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 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 and, where it is different, the competent supervisory authority within the meaning of Article 17(3).</p> <p>Text Origin: Council Mandate</p>
Article 16(3)				
235	<p>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, 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</p>	<p>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, 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</p>	<p>3. Member States shall ensure thatlay down rules to require that the authorised representative or the company informs a supervisory authority in the Member State where 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</p>	<p>3. Member States shall ensure thatlay down rules to require that the authorised representative or the company informs a supervisory authority in the Member State where the authorised representative is domiciled or established and, where it is different, the competent a supervisory authority in the Member State in which the company</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	financial year are informed that the company is a company within the meaning of Article 2(2).	financial year are informed that the company is a company within the meaning of Article 2(2).	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).	generated most of its net turnover in the Union in the financial year preceding the last financial year are informed <u>within the meaning of Article 17(3)</u> that the company is a company within the meaning of Article 2(2). Text Origin: Council Mandate
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 relay 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.	4. Member States shall ensure relay 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. Text Origin: Council Mandate
Article 16(4a)				
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	<u>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</u>

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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.	<u>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.</u> Text Origin: Council Mandate
Article 17				
237	Article 17 Supervisory Authorities	Article 17 Supervisory Authorities	Article 17 Supervisory Authorities	Article 17 Supervisory Authorities Text Origin: Commission Proposal
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) <u>this Directive</u> ('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').	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 65 to 11 and Article 15(1) and (2) 15 ('supervisory authority'). Text Origin: Council Mandate

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Article 17(2)				
239	2. As regards the companies referred to in Article 2(1), the competent supervisory authority shall be that of the Member State in which the company has its registered office.	2. As regards the companies referred to in Article 2(1), the competent supervisory authority shall be that of the Member State in which the company has its registered office.	2. As regards the companies referred to in Article 2(1), the competent supervisory authority shall be that of the Member State in which thesuch company has its registered office.	2. As regards the companies referred to in Article 2(1), the competent supervisory authority shall be that of the Member State in which the company has its registered office. Text Origin: Commission Proposal
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 thesuch 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. Text Origin: Commission Proposal

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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 covered in this Directive in respect of that company.	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 covered in this Directive in respect of that company.	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 covered in this Directive in respect of that company.	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 covered in this Directive in respect of that company. Text Origin: Commission Proposal
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.	<u>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 of the parent company shall cooperate with the competent supervisory authority of the subsidiary, which will remain competent to ensure that the subsidiary is subject to the exercise of powers in accordance with Article 18. In this regard, the European Network of Supervisory Authorities shall facilitate the needed cooperation, coordination and mutual assistance according to Article 21.</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 17(3a), second subparagraph			
6	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.	<i>deleted</i>
	Article 17(4)			
6	242	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. Text Origin: Commission Proposal
	Article 17(5)			
6	243	5. Member States may designate the authorities for the supervision of	5. Member States may designate the authorities for the supervision of	5. Member States may designate the authorities for the supervision of

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	regulated financial undertakings also as supervisory authorities for the purposes of this Directive.	regulated financial undertakings also as supervisory authorities for the purposes of this Directive.	regulated financial undertakings also as supervisory authorities for the purposes of this Directive.	regulated financial undertakings also as supervisory authorities for the purposes of this Directive. Text Origin: Commission Proposal
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 <u>and, where applicable, the respective competences of those authorities,</u> 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.	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. Text Origin: Commission Proposal
Article 17(7)				
245	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, <u>and, when a Member State has several supervisory authorities, the respective competences of those authorities.</u> The Commission shall regularly update the list on the basis of the	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, <u>and, when a Member State has several supervisory authorities, the respective competences of those authorities in relation to this Directive.</u> The Commission shall regularly update the list on the basis of the

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		information received from the Member States.		information received from the Member States. Text Origin: EP Mandate
Article 17(8)				
246	<p>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.</p>	<p>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<u>persons</u> 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.</p>	<p>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.</p>	<p>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, <u>experts and any other person</u> 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, <u>free from external influence whether direct or indirect, including</u> 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.</p> <p>Text Origin: EP Mandate</p>
Article 17(8a)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	246a	<u>8a. 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.</u>		<u>8a. Member States shall ensure that supervisory authorities publish and make accessible online an annual report on their activities under this Directive.</u>
Article 17(8b)				
6	246b	<u>8b. 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.</u>		deleted
Article 18				
6	247	Article 18 Powers of supervisory authorities	Article 18 Powers of supervisory authorities	Article 18 Powers of supervisory authorities Text Origin: Commission Proposal
Article 18(1)				
6	248			

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	1. Member States shall ensure that the supervisory authorities have 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.	1. Member States shall ensure that the supervisory authorities <u>are independent and impartial and have adequate powers, resources and expertise and resources</u> to carry out the tasks assigned to them under this Directive, including the power to request <u>require companies to provide</u> information and carry out investigations, <u>which can include where appropriate on site inspections and the hearing of relevant stakeholders</u> , related to compliance with the obligations set out in this Directive.	1. Member States shall ensure that the supervisory authorities have 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.	1. Member States shall ensure that the supervisory authorities have adequate powers and resources to carry out the tasks assigned to them under this Directive, including the power to request <u>require companies to provide</u> information and carry out investigations related to compliance with the obligations set out in this Directive Articles 5 to 11. As regards Article 15, supervisory authorities shall be required to supervise the adoption and design of the plan in accordance with the requirements of Article 15(1).
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.	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. <small>Text Origin: Commission Proposal</small>
Article 18(3)				
250				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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, 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).</p>	<p>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, 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).</p>	<p>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, 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).</p>	<p>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, 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).</p> <p><small>Text Origin: Commission Proposal</small></p>
Article 18(4), first subparagraph				
251	<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p> <p><small>Text Origin: Commission Proposal</small></p>
Article 18(4), second subparagraph				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	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, <i>including</i> in accordance with Articles 20 and 22, respectively.	Taking remedial action does not preclude the imposition of administrative sanctions <i>penalties</i> or the triggering of civil liability in case of damages, in accordance with Articles 20 and 22, respectively. Text Origin: Council Mandate
Article 18(5)				
6	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: Text Origin: Commission Proposal
Article 18(5), point (a)				
6	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; Text Origin: Council Mandate
Article 18(5), point (aa)				
6	254a			

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			(i) the cessation of infringements of the national provisions adopted pursuant to this Directive;	<u>(i) the cessation of infringements of the national provisions adopted pursuant to this Directive by performing an action or ceasing a conduct;</u> Text Origin: Council Mandate
Article 18(5), point (ab)				
6	254b		(ii) the abstention from any repetition of the relevant conduct; and	<u>(ii) the abstention from any repetition of the relevant conduct; and</u> Text Origin: Council Mandate
Article 18(5), point (ac)				
6	254c		(iii) where appropriate, to provide remediation proportionate to the infringement and necessary to bring it to an end;	<u>(iii) where appropriate, to provide remediation proportionate to the infringement and necessary to bring it to an end;</u> Text Origin: Council Mandate
Article 18(5), point (b)				
6	255	(b) to impose pecuniary sanctions in accordance with Article 20;	(b) to impose pecuniary sanctions penalties in accordance with Article 20; and	(b) to impose pecuniary sanctions penalties in accordance with Article 20; <u>and</u> Text Origin: Council Mandate
Article 18(5), point (c)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement		
6	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 their case of urgency due to risk of severe and irreparable harm. <i>avoid their case of imminent</i> risk of severe and irreparable harm.	6	
Article 18(5), point (ca)						
6	256a		<i>(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.</i>	deleted	6	
Article 18(6)						
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, while ensuring that those legal remedies are effective and have an equivalent effect to the administrative sanctions imposed by supervisory authorities.	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, while ensuring that those legal remedies are effective and have an equivalent effect to the administrative sanctions imposed by supervisory authorities.	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 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:	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 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: Text Origin: Council Mandate	6
Article 18(6), point (a)						

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	257a		(a) directly;	<u>(a) directly;</u> Text Origin: Council Mandate
Article 18(6), point (b)				
6	257b		(b) in cooperation with other authorities; or	<u>(b) in cooperation with other authorities; or</u> Text Origin: Council Mandate
Article 18(6), point (c)				
6	257c		(c) by application to the competent judicial authorities.	<u>(c) by application to the competent judicial authorities, which shall ensure that legal remedies are effective and have an equivalent effect to the fines imposed directly by supervisory authorities.</u> Text Origin: Council Mandate
Article 18(7)				
6	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, <u>in accordance with national law and without prejudice to Member State rules on companies' right to court appeal and other relevant safeguards.</u>	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, <u>in accordance with national law.</u> Text Origin: EP Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 18(7a)			
258a		<u>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.</u>		<u>Deleted</u>
	Article 18(7b)			
258b		<u>7b. 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.</u>		<u>7b. 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 enforcement action issued under paragraph 5.</u>
	Article 18(7c)			
258c		<u>7c. 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</u>		<u>7c. Decisions of supervisory authorities regarding a company's compliance with national provisions adopted pursuant to this Directive shall be without prejudice</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>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.</u>		<u>to the company's civil liability under Article 22.</u> Text Origin: EP Mandate
Article 19				
6	259	Article 19 Substantiated concerns	Article 19 Substantiated concerns	Article 19 Substantiated concerns Text Origin: Commission Proposal
Article 19(1)				
6	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, <u>through easily accessible channels</u> , 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'). Text Origin: Commission Proposal
Article 19(1a)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	260a	<u><i>1a. Member States shall ensure that, where persons submitting substantiated concerns so request, the supervisory authority takes the 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.</i></u>		<u><i>1a. Member States shall ensure that, where persons submitting substantiated concerns so request, the supervisory authority takes the 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.</i></u>
Article 19(2)				
6	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 <u><i>and inform the person that has submitted a substantiated concern as provided for in paragraph 1.</i></u>	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. <small>Text Origin: EP Mandate</small>
Article 19(3)				
6	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 <u><i>within a reasonable period of time.</i></u>	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.	3. Member States shall ensure that supervisory authorities assess the substantiated concerns <u><i>in an appropriate period of time</i></u> and, where appropriate, exercise their powers as referred to in Article 18. <small>Text Origin: Council Mandate</small>
Article 19(4)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
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 the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and shall provide the reasoning for it.	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 the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and <u>of its decision to accede to or refuse the request for action, and</u> shall provide the reasoning for it, <u>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.</u>	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 the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and shall provide the reasoning for it.	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 the person referred to in paragraph 1 of the result of the assessment of their substantiated concern and shall provide the reasoning for it. <u>The supervisory authority shall also inform the persons submitting the substantiated concern who have, in accordance with national law, a legitimate interest in the matter, its decision to accept or refuse any request for action, as well as a description of the further steps and measures, and practical information on access to administrative and judicial review procedures.</u>
Article 19(4a)				
263a		<u>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</u>		deleted Text Origin: EP Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>administrative and judicial review procedures.</u>		
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 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.	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 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.	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 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.	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 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. Text Origin: Council Mandate
Article 20				
265	Article 20 Sanctions	Article 20 Sanctions	Article 20 Sanctions Penalties	Article 20 Sanctions <u>Penalties</u> Text Origin: Council Mandate
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	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	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	1. Member States shall lay down the rules on sanctions <u>penalties, including pecuniary penalties,</u> applicable to infringements of national provisions adopted pursuant to this Directive, and shall

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	implemented. The sanctions provided for shall be effective, proportionate and dissuasive.	implemented. The sanctions provided for shall be effective, proportionate and dissuasive.	take all measures necessary to ensure that they are implemented. The sanctions penalties provided for shall be effective, proportionate and dissuasive.	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 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.	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 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.;	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 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.	2. In deciding whether to impose sanctions penalties 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 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.;
Article 20(2), point (a)				
267a		<u>(a) the company's efforts to comply with any remedial action required of them by a supervisory authority;</u>		<u>(a) the nature, gravity and duration of the infringement, and the severity of the impacts resulting from that infringement;</u>
Article 20(2), point (b)				
267b				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>(b) any investments made and any targeted support provided pursuant to Articles 7 and 8;</u>		<u>(b) any investments made and any targeted support provided pursuant to Articles 7 and 8;</u>
Article 20(2), point (c)				
G	267c	<u>(c) any collaboration with other entities to address adverse impacts in its value chains;</u>		<u>(c) any collaboration with other entities to address the impacts concerned;</u>
Article 20(2), point (d)				
G	267d	<u>(d) the seriousness and duration of the company's infringement, or the severity of the impacts that have occurred;</u>		<u>(d) where relevant, the extent to which prioritisation decisions were made in accordance with Article 6a;</u>
Article 20(2), point (e)				
G	267e	<u>(e) the extent to which prioritisation decisions were reasonable, credible and taken in good faith;</u>		<u>(e) any relevant previous infringements by the company of national provisions adopted pursuant to this Directive found by a final decision;</u>
Article 20(2), point (f)				
G	267f	<u>(f) any previous infringements by the company of national provisions adopted pursuant to this Directive;</u>		<u>(f) the extent to which the company carried out any remedial action with regard to the concerned subject-matter;</u>
Article 20(2), point (g)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
G	267g	<u>(g) the financial benefits gained or losses avoided by the company due to the infringement, if the relevant data are available;</u>		<u>(g) the financial benefits gained from or losses avoided by the company due to the infringement;</u>
Article 20(2), point (h)				
G	267h	<u>(h) penalties imposed in respect of similar infringements in other Member States;</u>		<u>Deleted</u>
Article 20(2), point (i)				
G	267i	<u>(i) whether the company has effectively dealt with complaints or proposals raised by persons or affected stakeholders, including pursuant to Article 9;</u>		<u>(i) any other aggravating or mitigating factors applicable to the circumstances of the case.</u>
Article 20(2), point (j)				
G	267j	<u>(j) any other aggravating or mitigating factors applicable to the circumstances of the case.</u>		<u>Deleted</u>
Article 20(2), point (k)				
G	267k	<u>2a. At least the following measures and sanctions shall be provided for:</u> <u>(a) pecuniary sanctions;</u>		<u>2a. At least the following penalties shall be provided for:</u> <u>(a) pecuniary penalties;</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>(b) a public statement indicating that a company is responsible and the nature of the infringement;</u></p> <p><u>(c) the obligation to perform an action, including to cease the conduct constituting the infringement and to desist from any repetition of that conduct;</u></p> <p><u>(d) the suspension of products from free circulation or export.</u></p>		<p><u>(b) if the company fails to comply with the decision imposing a pecuniary penalty within the applicable time-limit, a public statement indicating the company responsible and the nature of the infringement;</u></p>
Article 20(2a)(3)				
268	3. When pecuniary sanctions are imposed, they shall be based on the company's turnover.	3. When pecuniary sanctions are imposed, they shall be based on the company's <u>net worldwide</u> turnover. <u>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.</u>	3. When pecuniary sanctions penalties are imposed, they shall be based on proportionate to the company's worldwide net turnover.	3. When pecuniary sanctions are imposed, they shall be based on the company's <u>net worldwide</u> turnover. <u>The maximum limit of pecuniary penalties shall be not less than 5% of the net worldwide turnover of the company in the financial year preceding the fining decision.</u>
Article 20(2a), (3) a				
268a		<u>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.</u>		<u>Member States shall ensure that, with regards to companies referred to in Article 2(1), point (b) and Article 2(2), point (b), pecuniary penalties are calculated taking into account the consolidated turnover reported by the ultimate parent company.</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 20(2b)			
268b		<u>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.</u>		<u>Deleted</u>
	Article 20(4)			
269	4. Member States shall ensure that any decision of the supervisory authorities containing sanctions related to the breach of the provisions of this directive is published.	4. Member States shall <u>keep a record of sanctions that have been imposed and</u> ensure that any decision of the supervisory authorities containing sanctions related to the breach of the provisions of this directive is published. <u>The published decision shall not contain any personal data within the meaning of Article 4(1) of Regulation (EU) 2016/679.</u>	4. Member States shall ensure that any decision of the supervisory authorities containing 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.	4. Member States shall ensure that any decision of the supervisory authorities containing sanctions penalties related to the breach infringements of the national provisions of adopted pursuant to this Directive is published, publicly available for at least 5 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	Article 21	Article 21	Article 21

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	European Network of Supervisory Authorities	European Network of Supervisory Authorities	European Network of Supervisory Authorities	European Network of Supervisory Authorities Text Origin: Commission Proposal
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, <u>as well as ensuring regular public communication on the activities of the Network.</u>	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. Text Origin: Commission Proposal
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 <u>shall</u> invite <u>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</u>	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 invite Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities. Text Origin: Commission Proposal

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>Markets Authority and other</u> Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.</p>		
Article 21(1), second subparagraph a				
272a			<p>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 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).</p>	<p><u><i>1a. 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. 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 where 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 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</i></u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u><i>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).</i></u>
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.	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. <u>Text Origin: Commission Proposal</u>
Article 21(2a)				
273a		<u><i>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.</i></u>		<u><i>Deleted</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
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.	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. <u>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.</u> Such steps may include, in particular, the transmission of relevant information on the conduct of an investigation. Text Origin: Council Mandate
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.	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. Text Origin: Commission Proposal
Article 21(5)				
276				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	5. The requested supervisory authority shall inform the requesting supervisory authority of the results or, as the case may be, of the progress regarding the measures to be taken in order to respond to the request for assistance.	5. The requested supervisory authority shall inform the requesting supervisory authority of the results or, as the case may be, of the progress regarding the measures to be taken in order to respond to the request for assistance.	5. The requested supervisory authority shall inform the requesting supervisory authority of the results or, as the case may be, of the progress regarding the measures to be taken in order to respond to the request for assistance.	5. The requested supervisory authority shall inform the requesting supervisory authority of the results or, as the case may be, of the progress regarding the measures to be taken in order to respond to the request for assistance. Text Origin: Commission Proposal
Article 21(6), first subparagraph				
6	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.	6. Supervisory authorities shall not charge each other fees for actions and measures taken pursuant to a request for assistance. Text Origin: Commission Proposal
Article 21(6), second subparagraph				
6	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.	However, supervisory authorities may agree on rules to indemnify each other for specific expenditure arising from the provision of assistance in exceptional cases. Text Origin: Commission Proposal
Article 21(7)				
6	279 7. The supervisory authority that is competent pursuant to Article 17(3)	7. The supervisory authority that is competent pursuant to Article 17(3)	7. The supervisory authority that is competent pursuant to Article 17(3)	7. The supervisory authority that is competent pursuant to Article 17(3)

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	shall inform the European Network of Supervisory Authorities of that fact and of any request to change the competent supervisory authority.	shall inform the European Network of Supervisory Authorities of that fact and of any request to change the competent supervisory authority.	shall inform the European Network of Supervisory Authorities of that fact and of any request to change the competent supervisory authority.	shall inform the European Network of Supervisory Authorities of that fact and of any request to change the competent supervisory authority. <i>Text Origin: Commission Proposal</i>
Article 21(8)				
280	8. When doubts exist as to the attribution of competence, the 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.	8. When doubts exist as to the attribution of competence, the 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.	8. When doubts exist as to the attribution of competence, the 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.	8. When doubts exist as to the attribution of competence, the 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. <i>Text Origin: Commission Proposal</i>
Article 21(8a)				
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).	<u>9. The European Network of Supervisory Authorities shall publish:</u> <u>(i) the decisions of the supervisory authorities containing penalties as referred to in Article 20(4); and</u> <u>(ii) an indicative list of non-EU companies subject to this Directive.</u>
Article 21(8b)				
280b				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>8a. The European Network of Supervisory Authorities shall publish a register of non-EU companies and their compliance.</u>		<u>Deleted</u>
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 Civil liability <u>of companies and a right to full compensation</u>
Article 22(-1)(1)				
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 company can be held liable for damages if a damage caused to a natural or legal person, provided that:	1. Member States shall ensure that companies are company can be held liable for damages if a damage caused to a natural or legal person, provided that: Text Origin: Council Mandate
Article 22(-1)(1), 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 <u>this Directive</u> 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	(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 ; <u>and</u> Text Origin: Council Mandate
Article 22(-1)(1), point (b)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
6	284	(b) as a result of this failure an <u>the company caused or contributed to an actual</u> an adverse impact that should have been identified, <u>prioritised</u> , prevented, mitigated, brought to an end, <u>remediated</u> or its extent minimised through the appropriate measures laid down in Articles 7 and 8 occurred <u>this Directive</u> 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 damages as referred to in point (a), a damage to the natural or legal person's legal interest protected under national law was caused.	(b) as a result of this a failure an <i>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</i> damages as referred to in point (a), a damage to the natural or legal person's legal interest protected under national law was caused. Text Origin: Council Mandate
Article 22(-1), (1) a				
6	284a		A company cannot be held liable if the damage was caused only by its business partners in its chain of activities.	<u>A company cannot be held liable if the damage was caused only by its business partners in its chain of activities.</u> Text Origin: Council Mandate
Article 22(2), first subparagraph				
6	285	<i>deleted</i>	2. Notwithstanding paragraph 1, Member States shall ensure that Where at the company has taken the actions referred to in Article 7(2), point (b) and Article 7(4), or Article 8(3), point (e), 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	2. Notwithstanding paragraph 1, Member States shall ensure that Where at the company has taken the actions referred to in Article 7(2), point (b) and Article 7(4), or Article 8(3), point (e), 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

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.</p>		<p>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.</p>	<p>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 <u>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.</u></p> <p><small>Text Origin: Council Mandate</small></p>
Article 22(2), second subparagraph				
286	<p>In the assessment of the existence and extent of liability under this paragraph, due account shall 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 pursuant to Articles 7 and 8, as well as any collaboration with other entities to</p>	<p>In the assessment of the existence and extent of liability under this paragraph, due account shall be taken of the <u>extent of the</u> company's efforts, insofar as they relate directly to the damage in question, to comply with any remedial action <u>take remedial action, including that</u> 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</p>	<p><i>deleted</i></p>	<p>In the assessment of the existence and extent of liability under this paragraph, due account shall 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 pursuant to Articles 7 and 8, as well as any collaboration with other entities to</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	address adverse impacts in its value chains.	collaboration with other entities <u>and affected stakeholders</u> to address adverse impacts in its value chains.		address adverse impacts in its value chains. Deleted
Article 22(2), second subparagraph a				
286a		<p><u>2a. Member States shall ensure that:</u></p> <p><u>(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;</u></p> <p><u>(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;</u></p> <p><u>(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.</u></p>		<p><u>2a. Member States shall ensure that:</u></p> <p><u>(a) national rules on the beginning, duration, suspension or interruption of limitation periods shall not unduly hamper the bringing of actions for damages and, in any case, shall not be more restrictive than the rules on general civil liability national regimes.</u></p> <p><u>The limitation period for bringing actions for damages under this Directive shall be at least 5 years and, in any case, not lower than the limitation period laid down under general civil liability national regimes.</u></p> <p><u>Limitation periods shall not begin to run before the infringement has ceased and the claimant knows, or can reasonably be expected to know:</u></p> <p><u>(i) of the behaviour and the fact that it constitutes an infringement;</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>without prejudice to existing national law;</u></p> <p><u>(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.</u></p>		<p><u>(ii) of the fact that the infringement caused harm to it; and</u></p> <p><u>(iii) the identity of the infringer.</u></p> <p><u>(b) cost of proceedings are not prohibitively expensive for claimants to seek justice.</u></p> <p><u>(c) claimants are able to seek injunctive measures, including summary proceedings. These shall be in the form of a definitive or provisional measure to cease infringements of the national provisions adopted pursuant to this Directive by performing an action or ceasing a conduct;</u></p> <p><u>(d) Member States shall provide for the reasonable conditions under which any alleged injured party may authorise a trade union, non-governmental human rights or environmental organisation or other non-governmental organisation, and, according to national law, national human rights' institutions, based in a Member State to bring actions to enforce victim's rights in its own capacity, without prejudice to national rules of civil procedure.</u></p> <p><u>A trade union or non-governmental organisation may be authorised under paragraph (1) if</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>it complies with the requirements as laid down in national law. These requirements may include maintaining a permanent presence of its own and, in accordance with its statutes, not engaging commercially and not only temporarily in the realisation of rights protected under this Directive or the corresponding rights in national law.</u></p> <p><u>(e) when a claim is brought, and a claimant presents a reasoned justification containing reasonably available facts and evidence sufficient to support the plausibility of its claim for damage 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.</u></p> <p><u>National courts shall limit the disclosure of the evidence sought to that which is necessary and proportionate to support a potential claim or a claim for damages and the preservation to that which is necessary and proportionate to support such a claim for damages. In determining whether an order for the disclosure or preservation of evidence is proportionate, national courts shall consider the</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>extent to which the claim or defence is supported by available facts and evidence justifying the request to disclose evidence; the scope and cost of disclosure as well as the legitimate interests of all parties, including third parties concerned, including preventing non-specific searches for information which is unlikely to be of relevance for the parties in the procedure; whether the evidence the disclosure of which is sought contains confidential information, especially concerning any third parties, and what arrangements are in place for protecting such confidential information.</u></p> <p><u>Member States shall ensure that national courts have the power to order the disclosure of evidence containing confidential information where they consider it relevant to the action for damages. Member States shall ensure that, when ordering the disclosure of such information, national courts have at their disposal effective measures to protect such information.</u></p>
6	Article 22(2), fourth subparagraph			
6	286b	<u>2b. Companies that have participated in industry or multi-</u>		<u>Companies that have participated in industry or multi-stakeholder</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>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 can still be held liable in accordance with this Article.</u>		<u>initiatives, or used third-party verification or contractual clauses to support the implementation of due diligence obligations can still be held liable in accordance with this Article.</u>
Article 22(2a)(3)				
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. <u>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.</u>	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.	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 company's chain <u>of activities.</u>
Article 22(2a), (3) a				
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	<u>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</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			provisions of national law concerning the conditions of joint and several liability and the rights of recourse.	<u>national law concerning the conditions of joint and several liability and the rights of recourse.</u> Text Origin: Council Mandate
Article 22(4)				
288	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 <u>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</u> <u>under Union or national legal systems, including rules on joint and several liability</u> 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.	4. The civil liability rules under this Directive shall <u>not limit companies' liability under Union or national legal systems and shall</u> 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 <u>are</u> 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 <u>are</u> of overriding mandatory application in cases where the law applicable to claims to that effect is not the law of a Member State. Text Origin: Council Mandate
Article 23				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
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 Reporting of breaches and protection of reporting persons Text Origin: Commission Proposal
Article 23, first paragraph				
291	Directive (EU) 2019/1937 shall apply to the reporting of all breaches of this Directive and the protection of persons reporting such breaches.	Directive (EU) 2019/1937 shall apply to the reporting of all breaches of this Directive and the protection of persons reporting such breaches.	Directive (EU) 2019/1937 shall apply to the reporting of all breaches of this Directive and the protection of persons reporting such breaches.	<u>Member States shall take the necessary measures to ensure that</u> Directive (EU) 2019/1937 shall apply <u>applies</u> to the reporting of all breaches of <u>the national measures transposing</u> this Directive and the protection of persons reporting such breaches. Text Origin: Commission Proposal
Article 24				
292	Article 24 Public support	Article 24 Public support, <u>public procurement and public concessions</u>	<i>deleted</i>	Article 24 Public support, <u>public procurement and public concessions</u> Text Origin: EP Mandate
Article 24, first paragraph				
293	Member States shall ensure that companies applying for public support certify that no sanctions	Member States shall ensure that companies applying for public support certify that no sanctions	<i>deleted</i>	Member States shall ensure that companies applying for public support certify that no sanctions

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>have been imposed on them for a failure to comply with the obligations of this Directive.</p>	<p>have been imposed on them for a failure to comply <u>(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</u> with the obligations of this Directive <u>rules applicable to the provision of public support or the award of public contracts and concessions.</u></p>		<p>have been imposed on them for a failure to comply with the obligations of this Directive <u>compliance with the obligations resulting from the national measures transposing this Directive, or their voluntary implementation, qualifies as an environmental and/or social aspect that contracting authorities may, in accordance with Directive 2014/24/EU of the European Parliament and of the Council, Directive 2014/25/EU of the European Parliament and of the Council and Directive 2014/23/EU of the European Parliament and of the Council, take into account as part of the award criteria for public and concession contracts, and as an environmental and/or social condition that contracting authorities may, in accordance with those Directives, lay down in relation to the performance of public and concession contracts.</u></p>
Article 25				
294	Article 25 Directors' duty of care	Article 25 Directors' duty of care	deleted	Article 25 Directors' duty of care Deleted
Article 25(1)				
295				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	<i>deleted</i>	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. <u>Deleted</u>
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.	<i>deleted</i>	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. <u>Deleted</u>
Article 26				
297	Article 26 Setting up and overseeing due diligence	Article 26 <i>deleted</i>	<i>deleted</i>	<i>deleted</i>
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	<i>deleted</i>	<i>deleted</i>	<i>deleted</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.			
<i>Article 26(2)</i>				
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.	<i>deleted</i>	<i>deleted</i>	<i>deleted</i>
<i>Article 27</i>				
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 Amendment to Directive (EU) No 2019/1937 2019/1937 <small>Text Origin: Council Mandate</small>
<i>Article 27, first paragraph</i>				
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:	In Point E.2 of Part I of the Annex to Directive (EU) No 2019/1937 2019/1937 , the following point is added: <small>Text Origin: Council Mandate</small>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 27, first paragraph, amending provision, first paragraph				
302	<p>(vi) [Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937*¹]</p> <p>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.</p>	<p>(vi) [Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937*¹]</p> <p>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.</p>	<p>(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}</p> <p>* Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...).¹.</p> <p>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.</p>	<p>(vi) fDirective ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...) *¹f.</p> <p>* <u>Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...).</u>¹.</p> <p>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.</p> <p><small>Text Origin: Council Mandate</small></p>
Article 27a				
302a				<p><u>Article 27a</u> <u>Amendment to Regulation (EU) 2023/2859</u></p>
Article 27a, first subparagraph				
302b				<p><u>In Regulation (EU) 2023/2859, the following point is added to part B of the Annex:</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 27a, first paragraph, amending provision			
302c				<p><u>"17. Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...)"^{*1}.</u></p> <p><u>* Directive ... of the European Parliament and of the Council of ... on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (OJ L ..., ...)."</u></p> <p><u>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.</u></p>
	Article 28			
303	Article 28 Exercise of the delegation	Article 28 Exercise of the delegation	Article 28 Exercise of the delegation	Article 28 Exercise of the delegation Text Origin: Council Mandate
	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.	1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article. Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 28(2)				
305	<p>2. The power to adopt delegated acts referred to in Article 11 shall be conferred on the Commission for an indeterminate period of time.</p>	<p>2. The power to adopt delegated acts referred to in Article 3(2), Article 11 and Article 14(4a) ++ 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.</p>	<p>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].</p>	<p>2. The power to adopt delegated acts referred to in Article 3(2) and Article 11 shall be conferred on the Commission for an indeterminate period of time from ... [date of entry into force of this Directive].</p> <p><small>Text Origin: Council Mandate</small></p>
Article 28(3)				
306	<p>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</p>	<p>3. The delegation of power referred to in Article 3(2), and Article 11 or Article 14(4a) ++ 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</p>	<p>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</p>	<p>3. The delegation of power referred to in Article 3(2) and 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</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.	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.	Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.	Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force. <small>Text Origin: Council Mandate</small>
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.	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. <small>Text Origin: Commission Proposal</small>
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.	5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council. <small>Text Origin: Commission Proposal</small>
Article 28(6)				
309	6. A delegated act adopted pursuant to Article 11 shall enter into force only if no objection has been	6. A delegated act adopted pursuant to Article 3(2), Article 11 or Article 14(4a) ++ shall enter into force only	6. A delegated act adopted pursuant to Article 11 shall enter into force only if no objection has been	6. A delegated act adopted pursuant to Article 3(2) and Article 11 shall enter into force only if no objection

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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 European Parliament or of the Council."	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 European Parliament or of the Council."	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 initiative of the European Parliament or of the Council."	has been expressed either by the European Parliament or <u>by</u> 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 European Parliament or of the Council." <small>Text Origin: Council Mandate</small>
Article 28a				
6	309a			<u>Article 28a</u> <u>Committee procedure</u>
Article 28a, first paragraph				
6	309b			<u>1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.</u>
Article 28a, second paragraph				
6	309c			<u>2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 29				
310	Article 29 Review	Article 29 Review <u>and reporting</u>	Article 29 Review	Article 29 Review <u>and reporting</u> Text Origin: EP Mandate
Article 29, first paragraph -a				
310a				<p><u>1. The Commission shall submit a report to the European Parliament and to the Council on the necessity to lay down additional sustainability due diligence requirements tailored to regulated financial undertakings with respect to the provision of financial services and investment activities, and the options for such due diligence requirements as well as their impacts, in line with the objectives of the Directive.</u></p> <p><u>The report shall take into account other Union legislative acts that apply to regulated financial undertakings. It shall be published at the earliest possible opportunity after the date of entry into force of this Directive, but no later than two years after that date. It shall be accompanied, if</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<u>appropriate, by a legislative proposal.</u>
Article 29, 2.				
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:	<u>1.</u> No later than ... [OP please insert the date = 7 <u>6</u> years after the date of entry into force of this Directive], <u>and every 3 years thereafter</u> , the Commission shall submit a <u>comprehensive</u> 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, <u>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 <u>in particular</u> the following issues:</u>	No later than ... [OP please insert the date = 7 years after the date of entry into force of this Directive] <u>7</u> 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:	<u>2.</u> No later than ... [OP please insert the date = 7 <u>6</u> years after the date of entry into force of this Directive], <u>and every three years thereafter</u> , the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive <u>and its effectiveness in reaching its objectives, in particular in addressing adverse impacts</u> . The report shall evaluate the effectiveness of this Directive in reaching its objectives and be <u>accompanied, if appropriate, by a legislative proposal. The first report shall, inter alia,</u> assess the following issues:
Article 29, 2., point (-a)				
311a		<u>(-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</u>		<u>(-a) the impacts of the Directive on SMEs, together with an assessment of the effectiveness of the different measures and tools for support provided to SMEs by the</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>the Commission and the Member States;</i></u>		<u><i>Commission and the Member States;</i></u>
Article 29, 2., point (-b)				
6	311b	<u><i>1a. 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.</i></u>		<u><i>Deleted</i></u>
Article 29, 2., point (-c)				
6	311c	<u><i>(-aa) an assessment of the number of small and medium-sized undertakings voluntarily applying corporate sustainability and due diligence in line with this Directive;</i></u>		<u><i>(-c) a the scope of application of this Directive in terms of the companies covered, whether it ensures the effectiveness of this Directive in light of its objectives, a level playing field between entities covered and that companies cannot circumvent the application of the Directive, including:</i></u> <u><i>- whether Article 3(1), point (a), needs to be revised so that entities constituted as different legal forms than those listed in Annex I or Annex II of Directive 2013/34/EU are covered;</i></u> <u><i>- whether business models or forms of economic cooperation with third-party companies other than those covered by Article 2</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<p><u>need to be included in the scope of application;</u></p> <ul style="list-style-type: none"> - <u>whether the thresholds regarding the number of employees and net turnover laid down in Article 2 need to be revised;</u> - <u>whether the list of sectors in Articles 2(1), point (bb), 2(2), point (bb) needs to be changed;</u> - <u>whether the criterion of net turnover generated in the Union laid down in Article 2(2) needs to be revised;</u>
Article 29, 2., point (-d)				
311d		<p><u>(-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;</u></p>		<p><u>(-d) whether the definition of 'chain of activities' in Article 3(1), point (g), needs to be revised;</u></p>
Article 29, 2., point (a)				
312	<p>(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be lowered;</p>	<p>(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1)2 need to be lowered, <u>in particular for certain sectors, whether the modalities for calculating thresholds are appropriate and whether</u></p>	<p>(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be loweredrevised;</p>	<p>(a) whether the thresholds regarding the number of employees and net turnover laid down in Article 2(1) need to be lowered<u>Annex I needs to be modified, including in light of international developments, and whether it should be extended to</u></p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>significant loopholes need to be closed for the Directive to apply to all relevant legal forms of economic operators and complex corporate structures;</u>		<u>cover additional adverse impacts, in particular adverse impacts on good governance;</u>
Article 29, 2., point (aa)				
g	312a	<u>(aa) the effectiveness of the enforcement mechanisms put in place at national level and of the sanctions and procedures for civil liability in particular;</u>		<u>(aa) whether the rules on combatting climate change, especially as regards the design of transition plans, their adoption and their putting into effect by companies, as well as the powers of supervisory authorities related to these rules, need to be revised;</u>
Article 29, 2., point (ab)				
g	312b	<u>(ab) the convergence and divergence between national laws of the Member States transposing this Directive;</u>		<u>(ab) the effectiveness of the enforcement mechanisms put in place at national level, f the penalties and the rules on civil liability;</u>
Article 29, 2., point (b)				
g	313	<i>deleted</i>	(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;	(b) whether <u>changes to the level of harmonisation of this Directive are required to ensure a level-playing field for companies in the internal market</u> the list of sectors in Article 2(1), point (b), needs to be changed, including <i>in order to align it to</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				<i>guidance from the Organisation for Economic Cooperation and Development; <u>the convergence and divergence between national laws of the Member States transposing this Directive.</u></i>
Article 29, 2.,				
6	314 (c) whether the Annex needs to be modified, including in light of international developments	<i>deleted</i>	(c) whether the Annex I needs to be modified, including in light of international developments;	<i>(e) whether the Annex needs to be modified, including in light of international developments Deleted</i>
Article 29, 2.,				
6	315 (d) whether Articles 4 to 14 should be extended to adverse climate impacts.	(d) whether Articles 4 to 14 should be extended to <u>additional</u> adverse climate <u>impacts, in particular to also encompass adverse impacts on good governance;</u>	(d) whether Articles 4 to 14 should be extended to adverse climate impacts or Article 15 needs to be revised.	<i>(d) whether Articles 4 to 14 should be extended to adverse climate impacts Deleted</i>
Article 29, 2., point (a)				
6	315a	<u>(da) whether a broad sustainability plan, dealing with other environmental impacts than climate, shall be developed;</u>		<u>Deleted</u>
Article 29, 2., point (b)				
6	315b	<u>(db) whether the definition of "value chain" as regards regulated financial undertakings should be</u>		<u>Deleted</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>extended to a wider range of companies;</i></u>		
Article 29, 2., point (c)				
6	315c		(da) whether the definition of ‘chain of activities’ in Article 3, point (g), needs to be revised, 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	<u><i>Deleted</i></u>
Article 29, 2., point (d)				
6	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;	<u><i>Deleted</i></u>
Article 29, 2., point (e)				
6	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	<u><i>Deleted</i></u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			number of employees and net turnover of the company;	
Article 29, 2., point (f)				
6	315f		(dd) whether the criterion of net turnover generated in the Union laid down in Article 2(2) and the threshold of the net turnover therein need to be revised;	<u>Deleted</u>
Article 30				
6	316	Article 30 Transposition	Article 30 Transposition	Article 30 Transposition Text Origin: Commission Proposal
Article 30(1), first subparagraph				
6	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] <u>from the entry into force of this Directive]</u> 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. Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
318	<p>They shall apply those provisions as follows:</p>	<p>They shall apply those provisions <u>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.</u></p> <p><u>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.</u></p>	<p>They shall apply those provisions as follows:</p>	<p>They shall apply those provisions as follows:</p> <p>Text Origin: Commission Proposal</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u><i>They shall apply those provisions from... [OJ to insert: 4 years from 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.</i></u></p> <p><u><i>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:</i></u></p>		
Article 30(1), second subparagraph, point (a)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
319	(a) from... [OJ to insert: 2 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);	<i>deleted</i>	(a) from ... [3...] [OJ to insert: 2 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;	(a) from ... [3...] [OJ to insert: 2 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (a), <u>and points (a) and (b), 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, with the exception of the measures necessary to comply with Article 2(2), point (a) 11, which Member States shall apply to these companies for financial years starting on or after 1 January 2028;</u> Text Origin: Council Mandate
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).	<i>deleted</i>	(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). which are formed in accordance with the legislation of a third country and	(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), <u>and 2(2), points (a) and (b), which are formed in accordance with the legislation of a third country and</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>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];</p>	<p><u>that generated a net turnover of more than EUR 150 million in the Union, in the financial year preceding the last financial year preceding ... [3 years from the entry into force of this Directive], with the exception of the measures necessary to comply with Article 2(2), point (b).11, which Member States shall apply to these companies for financial years starting on or after 1 January 2028;</u></p> <p><small>Text Origin: Council Mandate</small></p>
Article 30(1), second subparagraph, point (ba)				
320a			<p>(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);</p>	<p><u>(c) from... [4 years from the entry into force of this Directive] as regards all other companies referred to in Article 2(1), points (a) and (b), and Article 2(2), points (a) and (b), and companies referred to in Article 2(1), point (ba) and Article 2(2), point (ba), with the exception of the measures necessary to comply with Article 11, which Member States shall apply to these companies for financial years starting on or after 1 January 2029;</u></p> <p><small>Text Origin: Council Mandate</small></p>
Article 30(1), second subparagraph, point (bb)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
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).	<u>(d) from ... [5 years from the entry into force of this Directive] as regards companies referred to in Article 2(1), point (bb), and Article 2(2), point (bb), with the exception of the measures necessary to comply with Article 11, which Member States shall apply to these companies for financial years starting on or after 1 January 2030.</u> Text Origin: Council Mandate
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.	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. Text Origin: Commission Proposal
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.	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.

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				Text Origin: Commission Proposal
Article 31				
323	Article 31 Entry into force	Article 31 Entry into force	Article 31 Entry into force	Article 31 Entry into force Text Origin: Commission Proposal
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.	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. Text Origin: Commission Proposal
Article 32				
325	Article 32 Addressees	Article 32 Addressees	Article 32 Addressees	Article 32 Addressees Text Origin: Commission Proposal
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.	This Directive is addressed to the Member States.

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				Text Origin: Commission Proposal
	Formula			
327	Done at Brussels,	Done at Brussels,	Done at Brussels,	Done at Brussels, Text Origin: Council Mandate
	Formula			
328	For the European Parliament	For the European Parliament	For the European Parliament	For the European Parliament Text Origin: Commission Proposal
	Formula			
329	The President	The President	The President	The President Text Origin: Commission Proposal
	Formula			
330	For the Council	For the Council	For the Council	For the Council Text Origin: Commission Proposal
	Formula			
331	The President	The President	The President	The President

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				Text Origin: Commission Proposal
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 ANNEX I Text Origin: Council Mandate
Annex, Part I				
332	Part I Part I	Part I Part I	Part I Part I	Part I Part I Text Origin: Commission Proposal
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 the Annex.	1. Violations of Rights and prohibitions included in international human rights agreements <u>instruments</u> This is the 1st subheading of Part I of the Annex. Text Origin: EP Mandate
Annex, point 1.				
334	1. Violation of the people's right to dispose of a land's natural resources	1. Violation of The people's right to dispose of a land's natural resources	<i>deleted</i>	<i>deleted</i>

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	and to not be deprived of means of subsistence in accordance with Article 1 of the International Covenant on Civil and Political Rights;	and to not be deprived of means of subsistence in accordance with Article 1 of the International Covenant on Civil and Political Rights;		
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 36(1) of the Universal Declaration on Human International Covenant on Civil and Political Rights;	2. Violation of The right to life, interpreted in line and security in accordance with Article 36(1) of the Universal Declaration on Human International Covenant on Civil and Political Rights. This includes, but is not restricted to, private or public 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;
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 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	3. Violation of The prohibition of torture, cruel, inhuman or degrading treatment, interpreted in line in accordance with Article 57 of the Universal Declaration of Human Rights International Covenant on Civil and Political Rights. This includes, but is not restricted to, private or public security guards protecting the company's resources, facilities or personnel

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			accordance with Article 57 of the Universal Declaration of Human Rights; International Covenant on Civil and Political Rights;	<u>subjecting a person to torture or cruel, inhuman or degrading treatment due to a lack of instruction or control by the company;</u>
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 with accordance with Article 99(1) of the Universal Declaration of Human Rights; International Covenant on Civil and Political Rights;	4. Violation of The right to liberty and security, <u>interpreted in line with</u> accordance with Article 99(1) of the Universal Declaration of Human Rights; <u>International Covenant on Civil and Political</u> Rights; Text Origin: Council Mandate
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 with accordance with Article 17 of the Universal Declaration of Human Rights; International Covenant on Civil and Political Rights;	5. Violation of The prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and <u>unlawful</u> attacks on their <u>honour or</u> reputation, <u>interpreted in line with</u> accordance with Article 17 of the Universal Declaration of Human Rights; <u>International Covenant on Civil and Political</u> Rights; Text Origin: Council Mandate
Annex, point 6.				
339				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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;	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; Text Origin: Council Mandate
Annex, point 7.				
6	340	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;	7. Violation of The right to enjoy just and favourable conditions of work, including a fair wage and an adequate living wage for employed workers and an adequate living income for self-employed workers and smallholders, which they earn in return from their work and production , a decent living, safe and healthy working conditions and reasonable limitation of working hours, interpreted in line in accordance with Article 7 and 11 of the International Covenant on Economic, Social and Cultural Rights;
Annex, point 7a.				
6	340a	7a. The right of everyone to an adequate standard of living for		Deleted

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		<p><u>themselves and their family, 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;</u></p>		
Annex, point 8.				
341	<p>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;</p>	<p>8. Violation ofThe 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<u>workplace</u> in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights;</p>	<p>8. Violation ofThe 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<u>workplace,</u> interpreted in line with Article 11 of the International Covenant on Economic, Social and Cultural Rights;</p>	<p>8. Violation ofThe 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<u>workplace,</u> <u>interpreted in line</u> with Article 11 of the International Covenant on Economic, Social and Cultural Rights;</p> <p><small>Text Origin: Council Mandate</small></p>
Annex, point 9.				
342	<p>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</p>	<p>9. Violation ofThe 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</p>	<p><i>deleted</i></p>	<p>9. Violation ofThe right of the child to have his or her best interests given primary consideration in all decisions and actions that affect children in</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>3 of the Convention of the Rights of the Child; violation of the right of the child to develop to his or her full 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;</p>	<p>3 of the Convention of the Rights of the Child; violation of the right of the child to develop to his or her full 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;</p>		<p>accordance <u>the highest attainable standard of health in line</u> with Article 324 of the Convention of the Rights of the Child; violation of the right of the child to develop to his or her full potential in accordance <u>to education in line</u> with Article 628 of the Convention of the Rights of the Child; violation of the right of the child to the highest attainable <u>to an adequate</u> standard of health in accordance <u>living in line</u> with Article 2427 of the Convention on the Rights of the Child; violation <u>the right</u> 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 <u>child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to</u> the child; violation of <u>the right to education in accordance with's health or physical, mental, spiritual, moral or social development, pursuant to</u> Article 2832 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</p>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
				country for the purpose of exploitation, in accordance <u>line</u> 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 Minimum Age Convention, 1973 (No. 138);	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 Minimum Age Convention, 1973 (No. 138);	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 Age Convention, 1973 (No. 138), interpreted in line with Articles 4 to 8 of the International Labour Organization Minimum Age Convention, 1973 (No. 138);	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 <u>line</u> with Article 2(4) and <u>2(4) of the International Labour Organization Minimum Age Convention, 1973 (No. 138), interpreted in line with</u> Articles 4 to 8 of the International Labour Organization Minimum Age Convention, 1973 (No. 138); Text Origin: Council Mandate
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	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	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	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), <u>interpreted in line in accordance</u> with Article 3 of the of the

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:	Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:	International Labour Organization Worst Forms of Child Labour Convention, 1999 (No. 182). This includes:	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;	(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; Text Origin: Council Mandate
Annex, point 11.(b)				
346	(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;	(b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances; Text Origin: Council Mandate
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	(c) the use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking in of drugs; and Text Origin: Council Mandate

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
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;	(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; Text Origin: Commission Proposal
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 Convention, 1930 (No. 29) or with Article 8 (3) (b) and (c) of the International Covenant on Civil and Political Rights;	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 Convention, 1930 (No. 29) or with Article 8 (3) (b) and (c) of the International Covenant on Civil and Political Rights;	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 Labour Convention, 1930 (No. 29). Forced or compulsory labour are shall not mean any work or services that comply with Article 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	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 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) 8(3)(b) and (c) of the

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			the International Covenant on Civil and Political Rights;	International Covenant on Civil and Political Rights; Text Origin: Council Mandate
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;	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; Text Origin: Council Mandate
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 Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;	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 Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;	<i>deleted</i>	<i>deleted</i>

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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:	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: Text Origin: Council Mandate
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;	(a) workers are free to form or join trade unions; Text Origin: Council Mandate
Annex, point 15.(b)				
354				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(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;	(b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation; Text Origin: Council Mandate
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	(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 Text Origin: Council Mandate
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;	(d) the right to strike and the right to collective bargaining; Text Origin: Commission Proposal
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	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	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	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

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>Organisation Equal Remuneration Convention, 1951 (No. 100), Article 1 and Article 2 of the International Labour Organisation Discrimination (Employment and Occupation) 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;</p>	<p>Organisation Equal Remuneration Convention, 1951 (No. 100), Article 1 and Article 2 of the International Labour Organisation Discrimination (Employment and Occupation) 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;</p>	<p>Article 3 of the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), Article Articles 1 and Article 2 of the International Labour Organisation 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.;</p>	<p>Article 3 of the International Labour Organisation Equal Remuneration Convention, 1951 (No. 100), Article Articles 1 and Article 2 of the International Labour Organisation 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.;</p> <p><small>Text Origin: Council Mandate</small></p>
Annex, point 16a.				
357a			<p>(a) the payment of unequal remuneration for work of equal value; and</p>	<p><u><i>(a) the payment of unequal remuneration for work of equal value; and</i></u></p> <p><small>Text Origin: Council Mandate</small></p>
Annex, point 16b.				
357b			<p>(b) the discrimination on grounds of national extraction or social origin, race, colour, sex, religion, political opinion;</p>	<p><u><i>(b) the discrimination on grounds of national extraction or social origin, race, colour, sex, religion, political opinion;</i></u></p> <p><small>Text Origin: Council Mandate</small></p>
Annex, point 17.				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
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;	<i>deleted</i>	<i>deleted</i>
Annex, point 18.				
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	1817a. 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:	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, <u>degradation of land</u> , or other impact on natural resources, that <u>such as deforestation, that:</u>
Annex, point 18.(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 <u>and feed</u> or	(a) substantially impairs the natural bases for the preservation and production of food; or	(a) <u>substantially</u> impairs the natural bases for the preservation and production of food; or
Annex, point 18.(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 ;	(b) denies a person access to safe and clean drinking water or ; Text Origin: Council Mandate
Annex, point 18.(c)				

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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 ;	(c) makes it difficult for a person to access sanitary facilities or destroys them or ; Text Origin: Council Mandate
Annex, point 18.(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	(d) harms the health, safety, the normal use of property or land or the normal conduct of economic activity <u>lawfully acquired possessions</u> of a person; or
Annex, point 18.(da)				
363a		<u>(da) impairs health, such as causing epidemics, taking into account the One Health approach or</u>		deleted
Annex, point 18.(e)				
364	(e) affects ecological integrity, such as deforestation,	(e) affects ecological integrity, such as deforestation, <u>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,</u>	deleted	(e) <u>substantially adversely</u> affects ecological integrity, such as deforestation, <u>ecosystem services through which an ecosystem contributes directly or indirectly to human wellbeing;</u>

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Annex, 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;	<i>deleted</i>	interpreted in line in accordance with Article 3 of the Universal Declaration of Human Rights, Article 56(1) of the International Covenant on Civil and Political Rights and Articles 11 and 12 of the International Covenant on Economic, Social and Cultural Rights;	<u>interpreted in line</u> in accordance with Article 3 of the Universal Declaration of Human Rights, Article 56(1) <u>11 and 12</u> of the International Covenant on Civil and Political Rights and Article <u>Articles 11 and 12</u> of the International Covenant on Economic, Social and Cultural Rights; Text Origin: Council Mandate
Annex, point 19.				
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;	19. Violation of <u>The right of individuals, groups and communities to lands and resources and to not be deprived of means of subsistence, which entails</u> the prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise use <u>using</u> land, forests and waters, including by deforestation, the use of which secures the livelihood of a person <u>interpreted in line</u> in accordance with Article <u>1 and 27 of the International Covenant on Civil and Political Rights and Article 1, 2 and</u> 11 of the International Covenant on

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				Economic, Social and Cultural Rights; Text Origin: Council Mandate
Annex, point 19a.				
366a		<u>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 Cultural Rights and Articles 2 and 5 of the International Convention on the Elimination of All Forms of Racial Discrimination;</u>		deleted
Annex, point 20.				
367				

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	<p>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;</p>	<p>20. Violation ofThe 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)<u>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</u><u>International Convention on the Rights of Indigenous Peoples;</u><u>Elimination of All Forms of Racial Discrimination</u></p>	<p><i>deleted</i></p>	<p><i>deleted</i></p>
Annex, point 21.				
368	<p>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 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</p>	<p>21. Violation ofA 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 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</p>	<p><i>deleted</i></p>	<p><i>deleted</i></p>

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	operations, such as the sector and operational context.	operations, such as the sector and operational context <u>where there is a foreseeable risk that such a prohibition or right may be affected.</u>		
Annex, third paragraph				
369	Human rights and fundamental freedoms conventions	<u>2. Human rights and fundamental freedoms conventions and instruments</u>	Human rights and fundamental freedoms conventions 2. HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS INSTRUMENTS This is the 2nd subheading of Part I of the Annex.	<u>2. Human rights and fundamental freedoms conventions instruments</u> This is the 2nd subheading of Part I of the Annex. Text Origin: EP Mandate
Annex, fourth paragraph				
370	- The Universal Declaration of Human Rights;	- The Universal Declaration of Human Rights;	<i>deleted</i>	<i>deleted</i>
Annex, fifth paragraph				
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;	- The International Covenant on Civil and Political Rights; Text Origin: Commission Proposal
Annex, sixth paragraph				
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;	- The International Covenant on Economic, Social and Cultural Rights;

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				Text Origin: Commission Proposal
Annex, seventh paragraph				
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;	<i>deleted</i>	<i>deleted</i>
Annex, eighth paragraph				
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;	<i>deleted</i>	<i>deleted</i>
Annex, ninth paragraph				
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;	<i>deleted</i>	<i>deleted</i>
Annex, tenth paragraph				
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;	<i>deleted</i>	<i>deleted</i>
Annex, eleventh paragraph				
377	- The Convention on the Rights of the Child;	- The Convention on the Rights of the Child;	<i>deleted</i>	- The Convention on the Rights of the Child;

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				Text Origin: EP Mandate
Annex, twelfth paragraph				
6	378 - The Convention on the Rights of Persons with Disabilities;	- The Convention on the Rights of Persons with Disabilities;	<i>deleted</i>	<i>deleted</i>
Annex, thirteenth paragraph				
6	379 - The United Nations Declaration on the Rights of Indigenous Peoples;	- The United Nations Declaration on the Rights of Indigenous Peoples;	<i>deleted</i>	<i>deleted</i>
Annex, fourteenth paragraph				
6	380 - The Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;	- The <u>United Nations</u> Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities;	<i>deleted</i>	<i>deleted</i>
Annex, fourteenth paragraph a				
6	380a	- <u>The United Nations Declaration on the Rights of Peasants and Other People Working in Rural Areas;</u>		<i>deleted</i>
Annex, fifteenth paragraph				
6	381 - United Nations Convention against Transnational Organised	- United Nations Convention against Transnational Organised	<i>deleted</i>	<i>deleted</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Crime and the Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;	Crime and the Palermo Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime;		
<i>Annex, fifteenth paragraph a</i>				
g	381a	- United Nations Convention against Corruption, 2003;		<i>deleted</i>
<i>Annex, sixteenth paragraph</i>				
g	381b	- OECD Anti-Bribery Convention, 1997;		<i>deleted</i>
<i>Annex, sixteenth paragraph</i>				
g	382	- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work;	<i>deleted</i>	<i>deleted</i>
<i>Annex, seventeenth paragraph</i>				
g	383	- The International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;	<i>deleted</i>	<i>deleted</i>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Annex, seventeenth paragraph a				
383a		- <u>The International Labour Organisation's Indigenous and Tribal Peoples' Convention, 1989 (No. 169)</u> ;		deleted
Annex, eighteenth paragraph				
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:	- The International Labour Organization's core/fundamental conventions: Text Origin: Commission Proposal
Annex, nineteenth paragraph				
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);	- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Text Origin: Council Mandate
Annex, twentieth paragraph				
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);	- Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Text Origin: Council Mandate
Annex, twenty-first paragraph				
387				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	- 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;	- Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol; Text Origin: Commission Proposal
Annex, -a paragraph				
388	- Abolition of Forced Labour Convention, 1957 (No. 105)	- Abolition of Forced Labour Convention, 1957 (No. 105)	- Abolition of Forced Labour Convention, 1957 (No. 105);	- Abolition of Forced Labour Convention, 1957 (No. 105); Text Origin: Council Mandate
Annex, -a paragraph				
389	- Minimum Age Convention, 1973 (No. 138)	- Minimum Age Convention, 1973 (No. 138)	- Minimum Age Convention, 1973 (No. 138);	- Minimum Age Convention, 1973 (No. 138); Text Origin: Council Mandate
Annex, -a paragraph a				
389a		- <u>ILO Occupational Safety and Health Convention, 1981 (No. 155)</u>		<i>deleted</i>
Annex, -a paragraph b				
389b		- <u>ILO Promotional Framework for Occupational Safety and Health, 2006 (No 187)</u>		<i>deleted</i>
Annex, -a paragraph				
390				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	- 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);	- Worst Forms of Child Labour Convention, 1999 (No. 182); <small>Text Origin: Council Mandate</small>
Annex, -a paragraph				
391	- Equal Remuneration Convention, 1951 (No. 100)	- Equal Remuneration Convention, 1951 (No. 100)	- Equal Remuneration Convention, 1951 (No. 100);	- Equal Remuneration Convention, 1951 (No. 100); <small>Text Origin: Council Mandate</small>
Annex, -a paragraph				
392	- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	- Discrimination (Employment and Occupation) Convention, 1958 (No. 111).	- Discrimination (Employment and Occupation) Convention, 1958 (No. 111); <small>Text Origin: Council Mandate</small>
Annex, -a paragraph a				
392a		<u>- <i>The International humanitarian law instruments as laid out in the Geneva Conventions and additional protocols</i></u>		<i>deleted</i>
Annex, -a paragraph b				
392b		<u>- <i>Council of Europe Convention on preventing and combating violence against women and domestic violence.</i></u>		<u><i>Deleted</i></u>

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Annex, Part II				
393	Part II Part II	Part II Part II	Part II Part II	Part II Part II Text Origin: Commission Proposal
Annex, -a paragraph				
394	violations of internationally recognized objectives and prohibitions included in environmental conventions	violations of <u>Union and</u> internationally recognized objectives and prohibitions included in environmental <u>and climate</u> conventions <u>and Union legislation</u>	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)	violations of internationally recognized objectives and prohibitions <u>Prohibitions and obligations</u> included in environmental conventions <u>instruments</u>
Annex, -a paragraph a				
394a		<u>-1. The obligation to identify and prevent, mitigate or bring to an end an adverse impact on one of the following environmental categories:</u> <u>a) climate change;</u> <u>b) biodiversity loss;</u> <u>c) air, water and soil pollution;</u> <u>d) degradation of land, marine and freshwater ecosystems;</u> <u>e) deforestation;</u>		deleted

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		<p><u>f) overconsumption of material, water, energy and other natural resources;</u></p> <p><u>g) harmful generation and mismanagement of waste, including hazardous substances;</u></p>		
<i>Annex, point 22.</i>				
395	<p>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, 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;</p>	<p><i>deleted</i></p>	<p>221. 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 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;</p> <p>The numbering of the numbered paragraphs in Part II of the Annex</p>	<p>221. 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 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;</p>

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			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, point 23.				
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;	232. 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;	232. 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;	232. Violation of The prohibition to import, <u>export, re-export or introduce from the sea</u> or export any specimen included in an Appendix <u>the Appendices I to III</u> of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit, pursuant to <u>interpreted in line with Articles III, IV and V of the Convention;</u> Text Origin: Council Mandate
Annex, point 24.				
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);	243. 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);	243. 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	243. Violation of The prohibition of the manufacture, <u>import and export</u> of mercury-added products pursuant to Article 4 (1) and <u>listed in</u> Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention), <u>interpreted in line with Article 4(1) of the Convention;</u>

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			with Article 4(1) of the Convention;	Text Origin: Council Mandate
Annex, point 25.				
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;	254. 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;	254. 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;	254. 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; Text Origin: Council Mandate
Annex, point 26.				
399	26. Violation of the prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;	265. Violation of The prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;	265. 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 Regulation (EU) 2017/852 contrary to the provisions of Article 11 (3) of the Minamata Convention European Parliament and of the Council¹; 1. Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury, and	265. 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 Regulation (EU) 2017/852 contrary to the provisions of Article 11 (3) of the Minamata Convention European Parliament and of the Council¹; 1. Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury, and repealing

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			repealing Regulation (EC) No 1102/2008 (OJ L 137, 24.5.2017, p. 1).	Regulation (EC) No 1102/2008 (OJ L 137, 24.5.2017, p. 1). Text Origin: Council Mandate
Annex, point 27.				
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;	276. 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;	276. 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).	276. 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. 45-77¹; 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). Text Origin: Council Mandate
Annex, point 28.				
401	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	287. 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	287. Violation of The prohibition of the unlawful handling, collection, storage and disposal of waste in a manner that is not environmentally sound in	287. 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

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	force in the applicable jurisdiction under the provisions of Article 6 (1) (d) (i) and (ii) of the POPs Convention;	force in the applicable jurisdiction under the provisions of Article 6 (1) (d) (i) and (ii) of the POPs Convention;	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 ;	<i>regulations in force in the applicable jurisdiction under the provisions of, interpreted in line with</i> Article 6(1)(d) 6(1)(d) , points (i) and (ii) of the POPs Convention and Article 7 of Regulation (EU) 2019/1021 ; Text Origin: Council Mandate
Annex, point 29.				
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;	<i>deleted</i>	298. 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;	298. 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; Text Origin: Council Mandate
Annex, point 30.				
403	30. Violation of the prohibition of the production and consumption of specific substances that deplete the	302. Violation of The prohibition of the production and consumption of specific substances that deplete the	309. Violation of The prohibition of the production and consumption of specific unlawful import and	309. Violation of The prohibition of the unlawful production, consumption, import and export of

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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;	controlled and consumption of specific 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, 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	3110. 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	3110. 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) 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	3110. 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) 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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	Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)	Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)	last 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).	<i>amended by Commission Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)¹:</i> <i>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).</i> Text Origin: Council Mandate
Annex, 10., point (a)				
6	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);;	(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);; Text Origin: Council Mandate
Annex, 10., point (b)				
6	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);;	(b) to a state of import <i>as defined in Article 2 no. 11 of the Basel Convention</i> 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);; Text Origin: Council Mandate

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Annex, 10., point (c)				
407	(c) to a non-party to the Basel Convention (Article 4 (5) of the Basel Convention),	(c) to a non-party to the Basel Convention (Article 4 (5) of the Basel Convention),	(c) to a non-party to the Basel Convention, interpreted in line with (Article 4-(5)4(5) of the Basel Convention);	(c) to a non-party to the Basel Convention, interpreted in line with (Article 4-(5)4(5) of the Basel Convention); Text Origin: Council Mandate
Annex, 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);	(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); Text Origin: Council Mandate
Annex, point 32.				
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 <u>11</u> . 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 <u>11</u> . 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);	32 <u>11</u> . 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); Text Origin: Council Mandate

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Annex, point 33.				
6	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).	3312. 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).	3312. 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 the Basel Convention); Text Origin: Council Mandate
Annex, point 12a.				
6	410a		<u>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.</u>	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, point 12b.				
6	410b		13. The obligation to avoid or minimise adverse impacts on the properties delineated as natural	<u>13. The obligation to avoid or minimise adverse impacts on the properties delineated as natural</u>

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			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;	<u>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;</u>
Annex, point 12c.				
6	410c	<u>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.</u>	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;	<i>deleted</i>
Annex, point 12d.				
6	410d		14. The obligation to avoid or minimise adverse impacts on wetlands as defined in Article 1 of the Convention on Wetlands of	<u>14. The obligation to avoid or minimise adverse impacts on wetlands as defined in Article 1 of the Convention on Wetlands of</u>

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			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;	<u>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;</u>
Annex, point 12e.				
6	410e	<u>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)</u>	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:	<i>deleted</i>
Annex, point 12f.				
6	410f		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:	<u>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:</u> Text Origin: Council Mandate

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Annex, point 12g.				
G	410g		(a) the prohibition to discharge into the sea:	<u>(a) the prohibition to discharge into the sea:</u> Text Origin: Council Mandate
Annex, point 12h.				
G	410h		(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;	<u>(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;</u> Text Origin: Council Mandate
Annex, point 12i.				
G	410i		(ii) noxious liquid substances as defined in Regulation 1(6) of Annex II of MARPOL 73/78, interpreted in line with Regulations 5 and 6 of Annex II of MARPOL 73/78; and	<u>(ii) noxious liquid substances as defined in Regulation 1(6) of Annex II of MARPOL 73/78, interpreted in line with Regulations 5 and 6 of Annex II of MARPOL 73/78; and</u> Text Origin: Council Mandate
Annex, point 12j.				
G	410j		(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;	<u>(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;</u>

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				Text Origin: Council Mandate
Annex, point 12k.				
6	410k		(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	<u><i>(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</i></u> Text Origin: Council Mandate
Annex, point 12l.				
6	410l		(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;	<u><i>(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;</i></u> Text Origin: Council Mandate
Annex, point 12m.				
6	410m	<u><i>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</i></u>		deleted

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		<u>and are not penalized, persecuted or harassed in any way for their involvement, in accordance with Article 3 (8) of the Aarhus Convention.</u>		
Annex, point 12n.				
6	410n	<u>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.</u>	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.	<u>16. The obligation to prevent, reduce and control pollution of the marine environment by dumping, interpreted in line with Article 210 of the United Nations Convention on the Law of the Sea of 10 December 1982 (UNCLOS) and applicable law in the relevant jurisdiction.</u>
Annex, point 12o.				
6	410o		ANNEX II ANNEX II	<u>ANNEX II</u> Text Origin: Council Mandate
Annex, title				
6	410p		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)	<u>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)</u>

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			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.	Text Origin: Council Mandate
	Annex, title			
6	410q		Article - Sector - Corresponding NACE code	<u>Article - Sector - Corresponding NACE code</u> Text Origin: Council Mandate
	Annex, title			
6	410r		2(1)(b), point (i) - Manufacture of textiles, leather and related products (including footwear) - Section C, Division 13-15	<u>2(1)(b), point (i) - Manufacture of textiles, leather and related products (including footwear) - Section C, Division 13-15</u> Text Origin: Council Mandate
	Annex, title			
6	410s		2(1)(b), point (i) - Wholesale trade of textiles, clothing and footwear - Section G, Division 46, Group 46.4, Class 46.41-46.42	<u>2(1)(b), point (i) - Wholesale trade of textiles, clothing and footwear - Section G, Division 46, Group 46.4, Class 46.41-46.42</u> Text Origin: Council Mandate

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	Annex, title			
6	410t		2(1)(b), point (ii) - Agriculture, forestry, fisheries (including aquaculture) - Section A	<u>2(1)(b), point (ii) - Agriculture, forestry, fisheries (including aquaculture) - Section A</u> Text Origin: Council Mandate
	Annex, title			
6	410u		2(1)(b), point (ii) - Manufacture of food products and beverages - Section C, Division 10-11	<u>2(1)(b), point (ii) - Manufacture of food products and beverages - Section C, Division 10-11</u> Text Origin: Council Mandate
	Annex, title			
6	410v		2(1)(b), point (ii) - Wholesale trade of agricultural raw materials, live animals, wood, 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	<u>2(1)(b), point (ii) - Wholesale trade of agricultural raw materials, live animals, wood, food and beverages - Section G, Division 46, Group 46.1, Class 46.11-46.13 and 46.16-46.17</u> - <u>Section G, Division 46, Group 46.2</u> - <u>Section G, Division 46, Group 46.3</u> Text Origin: Council Mandate
	Annex, title			

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6	410w		<p>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</p>	<p><u>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</u></p> <p>Text Origin: Council Mandate</p>
Annex, title				
6	410x		<p>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</p>	<p><u>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</u></p> <p>Text Origin: Council Mandate</p>
Annex, title				
6	410y		<p>2(1)(b), point (iii) - The wholesale trade of mineral resources, basic and intermediate mineral products (including metals and metal ores, construction materials, fuels, chemicals and other intermediate products) -</p>	<p><u>2(1)(b), point (iii) - The wholesale trade of mineral 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</u></p>

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			Section G, Division 46, Group 46.7, Class 46.71-73 and 46.75-76	Text Origin: Council Mandate
Annex, Title XI				
G	410z			<u>2(1)(b), point (iia) - Construction - Section F</u>