The Institutional Investors Group on Climate Change (IIGCC), the Principles for Responsible Investment (PRI), Eurosif - the European Sustainable Investment Forum, the Interfaith Center on Corporate Responsibility (ICCR) and the Investor Alliance for Human Rights (IAHR) reiterate their support for the agreement reached between the Council and European Parliament on the Corporate Sustainability Due Diligence Directive (CSDDD).

We encourage EU Member States to maintain their commitment to support this directive at this week’s COREPER meeting.

The CSDDD offers a unique opportunity to establish a level playing field for sustainability due diligence across the EU. This will support financial and non-financial companies’ risk assessment and impact analysis, address gaps in the EU legislative framework and bring greater certainty in the future EU policy framework. Many businesses and stakeholders across Europe already expressed their support for implementing this law.

As a result of extensive and detailed discussions between EU institutions and Member States, the requirements in the final text are clear, proportionate, and manageable. The use of a risk-based approach allows companies to prioritise their efforts where they are most impactful and the civil liability regime clarifies that requirements are an obligation of means, not results, giving companies legal certainty. This is in line with international standards, notably the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, which many companies and investors already apply. In addition, the CSDDD will not introduce any new disclosure requirements for companies already subject to the Corporate Sustainability Reporting Directive (CSRD).

The CSDDD also includes clear mechanisms to ensure that SMEs are protected from any indirect effects of the legislation. In-scope companies are required to provide targeted and proportionate support to SMEs, recognise the constraints on their resources, endeavour to build their capacity and even provide financial support where compliance with the provisions could jeopardise the viability of an SME.

In short, this agreement is proportionate and workable in practice for companies in scope. It provides them with a clear and consistent sustainability due diligence framework across the EU which will support risk management and the long-term viability of the company. The CSDDD will play a critical role in the achievement of the EU Green Deal which is fundamentally intertwined with EU competitiveness, security, and resilience.

We strongly encourage Member States to maintain their commitment to support this directive in the vote on Friday.