Response to the European Commission's consultation on sustainable corporate governance and due diligence

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MEDEF

Question 1: Due regard for stakeholder interests', such as the interests of employees, customers, etc., is expected of companies. In recent years, interests have expanded to include issues such as human rights violations, environmental pollution and climate change. Do you think companies and their directors should take account of these interests in corporate decisions alongside financial interests of shareholders, beyond what is currently required by EU law?

- [x] Yes, a more holistic approach should favour the maximisation of social, environmental, as well as economic/financial performance.
- [ ] Yes, as these issues are relevant to the financial performance of the company in the long term.
- [ ] No, companies and their directors should not take account of these sorts of interests.
- [ ] Do not know.

Please provide reasons for your answer:

We agree that these issues are correlated and relevant to the financial performance of the company in the long term, and that beyond the financial implications, companies should take a holistic approach that aims at increasing social, environmental performance alongside economic/financial performance.

In 2019 a new French Law was introduced ("loi PACTE") which modified the civil and commercial codes. As a result, all French companies must be managed in line with their corporate interest while taking into account social and environmental issues related to their activities. This law ensures that management of companies is performed taking into account social and environmental considerations which are relevant within the context of the company's activities.

Furthermore companies, on a voluntary basis, may introduce in their by-laws a statement of purpose ("raison d'être"), which would describe the values which the company adopts and for which it will allocate resources. Such "raison d'être" is the expression of what is essential to fulfil the company's corporate purpose and may include public-interest values. French companies may also register as so-called mission business ("société à mission") close to Bcorp.

These issues of incorporation of social and environmental matters into company decision-making are already broadly accepted and embraced. As an example, the French Afep-Medef corporate governance Code for listed companies ("code de gouvernement d'entreprise des sociétés cotées") states that "the board of directors endeavours to promote long-term value creation by the company by considering the social and environmental aspects of its activities. If applicable, it suggests any statutory change that it considers appropriate".

Medef actively promotes this view of responsible businesses inclusive of stakeholders' interests and has inserted its own "raison d'être" in its by-laws: "Acting together for responsible growth".

However, Medef strongly believes that an appropriate balance must be found in promoting closer attention to social and environmental matters. Measures introduced must give the appropriate weight to the responsibilities of all actors and must be designed to pragmatically promote actual progress in social and environmental matters; allowing companies flexibility to introduce those measures which are the most appropriate to their activities. An overly legalistic approach may be counterproductive in this regard.

In particular, Medef does not favour an expansion of directors' and executive officers' personal liability beyond what already exists.

Question 2: Human rights, social and environmental due diligence requires companies to put in place continuous processes to identify risks and adverse impacts on human rights, health and safety and environment and prevent, mitigate and account for such risks and impacts in their operations and through their value chain.
In the survey conducted in the context of the study on due diligence requirements through the supply chain, a broad range of respondents expressed their preference for a policy change, with an overall preference for establishing a mandatory duty at EU level.
Do you think that an EU legal framework for supply chain due diligence to address adverse impacts on human rights and environmental issues should be developed?

- (x) Yes, an EU legal framework is needed.
- ( ) No, it should be enough to focus on asking companies to follow existing guidelines and standards.
- ( ) No action is necessary.
- ( ) Do not know.

Please explain:

Medef would favour an EU legal framework providing for obligations to identify risks, prevent and mitigate risks and adverse impacts, and account for measures taken.
In this line, Medef believes that this legal framework could be similar to the French law on Duty of vigilance by addressing risks related to human rights and fundamental freedoms, human health and safety and to the environment. On this basis, it would be appropriate for the EU legislation to include the following obligations for companies:

• Carry out a risk mapping (identification, analysis and prioritization) of salient issues ("risque d'atteinte grave")
• Put in place actions to mitigate risks and prevent severe impacts i.e. to address such salient issues
• Implement procedures for the assessment of subsidiaries, subcontractors, or suppliers
• Set up whistle-blowing mechanisms
• Put in place a procedure to monitor implementation measures and evaluate their effectiveness.

In any case, due diligence requirements should be company-wide, rather than country by country or project by project. The latter levels of granularity would indeed place an unreasonable administrative burden on companies. In addition, if reporting obligations are associated to due diligence requirements, any excessively granular requirements would likely generate information that is either not relevant for stakeholders or not comparable.

In accordance with the French law, Medef believes that the duty of due diligence should primarily consist in an obligation of means, only apply to large companies (with more than 5000 employees),exclude SMEs and focus on the activities on which companies have a reasonable level of control, i.e. the company's own operations, the activities of the companies it controls and of its first-tier contractors and suppliers. It would not be appropriate to cover the whole value chain, because that would disproportionately expose companies to liability, for acts over which they have no control, including for how their products are used.

If the EU legislation does provide for a corporate's responsibility to exercise leverage beyond the company's sphere of control, such obligations should be precisely drafted, and no liability should be attached to such uncontrolled activity. Catch-all definitions (e.g. of damage, of cause or contribute) must be avoided as they may trigger liability beyond established legal principles (e.g. requiring direct/causal links) and would lead to conflicting judicial interpretations across the EU.

Question 3: If you think that an EU legal framework should be developed, please indicate which among the following possible benefits of an EU due diligence duty is important for you (tick the box/multiple choice)?

- [ ] Ensuring that the company is aware of its adverse human rights, social and environmental impacts and risks related to human rights violations other social issues and the environment and that it is in a better position to mitigate these risks and impacts
- [x] Contribute effectively to a more sustainable development, including in non-EU countries
- [x] Levelling the playing field, avoiding that some companies freeride on the efforts of others
- [ ] Increasing legal certainty about how companies should tackle their impacts, including in their value chain
- [ ] A non-negotiable standard would help companies increase their leverage in the value chain
- [x] Harmonisation to avoid fragmentation in the EU, as emerging national laws are different
- [ ] SMEs would have better chances to be part of EU supply chains
- [ ] Other

Question 3a. Drawbacks

Please indicate which among the following possible risks/drawbacks linked to the introduction of an EU due diligence duty are more important for you (tick the box /multiple choice)?

- [x] Increased administrative costs and procedural burden
- [x] Penalisation of smaller companies with fewer resources
- [x]

- Competitive disadvantage vis-à-vis third country companies not subject to a similar duty
- [x] Responsibility for damages that the EU company cannot control
- [ ] Decreased attention to core corporate activities which might lead to increased turnover of employees and negative stock performance
- [x] Difficulty for buyers to find suitable suppliers which may cause lock-in effects (e.g. exclusivity period/no shop clause) and have also negative impact on business performance of suppliers
- [ ] Disengagement from risky markets, which might be detrimental for local economies
- [ ] Other

Section II: Directors' duty of care – stakeholders' interests

In all Member States the current legal framework provides that a company director is required to act in the interest of the company (duty of care). However, in most Member States the law does not clearly define what this means. Lack of clarity arguably contributes to short-termism and to a narrow interpretation of the duty of care as requiring a focus predominantly on shareholders' financial interests. It may also lead to a disregard of stakeholders' interests, despite the fact that those stakeholders may also contribute to the long-term success, resilience and viability of the company.

Question 5. Which of the following interests do you see as relevant for the long-term success and resilience of the company?

	Relevant	Not relevant	I do not know/I do not take position
the interests of shareholders	●	○	○
the interests of employees	●	○	○
the interests of employees in the company's supply chain	○	○	●
the interests of customers	●	○	○
the interests of persons and communities affected by the operations of the company	○	○	●
the interests of persons and communities affected by the company's supply chain	○	○	●
the interests of local and global natural environment, including climate	○	○	●
the likely consequences of any decision in the long term (beyond 3-5 years)	○	○	●
the interests of society, please specify	○	○	●

other interests, please specify	○	○	●

the interests of society, please specify:

Medef ticked “I do not take position” because the suggestions proposed above are too vague to measure their consequences and impacts. Medef draws attention to the need for any legislation in this area to be precise both in terms of definitions and with respect to the specific legal and technical requirements on companies. Any lack of precision is likely to lead to risk of costly litigation which will give rise to uncertainty. Moreover, Medef would like to recall that the complexity and diversity of issues involved in social and environmental issues are such that a large number of actors are involved. Companies alone should not be responsible for the European Union’s international ambitions and influence in that field, other actors including especially States or international institutions have an important role to play.

Regarding the interests of stakeholders, it is important that each company be free to determine which stakeholders are most relevant to its activities and decide the best ways to organize dialogue with such stakeholders. This is critical to any efficient stakeholders’ oriented strategy.

As an example of good practice, Medef has issued guidelines to help companies organize the dialogue with their stakeholders.

Regarding “the likely consequences of any decision in the long term (beyond 3-5 years)”, Medef emphasizes that not all decisions have an impact on the long-term. It might not always be relevant to consider the long-term consequences of decisions as this will depend on the context, thus it should be determined by the company within its own freedom of management.

Finally, companies should not be held responsible for decisions and behaviour of third parties (e.g. suppliers and/or subcontractors) along the whole value chain (no vicarious liability).

other interests, please specify:

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Finally, companies should not be held responsible for decisions and behaviour of third parties (e.g. suppliers and/or subcontractors) along the whole value chain (no vicarious liability).

Question 6. Do you consider that corporate directors should be required by law to (1) identify the company´s stakeholders and their interests, (2) to manage the risks for the company in relation to stakeholders and their interests, including on the long run (3) and to identify the opportunities arising from promoting stakeholders' interests?

	I strongly agree	I agree to some extent	I disagree to some extent	I strongly disagree	I do not know	I do not take position
Identification of the company´s stakeholders and their interests	○	○	●	○	○	○
Management of the risks for the company in relation to stakeholders and their interests, including on the long run	○	○	●	○	○	○
Identification of the opportunities arising from promoting stakeholders' interests	○	○	●	○	○	○

Please explain:

Companies should identify the most relevant stakeholders and the most salient risks in order to implement actions to address those salient risks in priority, including preventing, mitigating and accounting for how they address their potential impacts. However, any provisions of the EU initiative imposing on companies a requirement to carry out an overview of stakeholders' interests should be flexible enough to reflect the specificity of each company' environment and activities.

It should be recalled that many companies will have thousands of stakeholders who are impacted directly or indirectly by their activities (including positive impacts). Moreover, certain stakeholders' interests will necessarily be contradictory with others. Therefore a "one size fits all" model is not adapted to cope with this objective. Without a focus on salience and the most significant risks, companies' responses may lack focus and be vague, or contradictory.

As explained above, any EU legislative initiative should not lead to personal legal liability for directors and executive officers with respect to company's impacts on stakeholders. It is a long-standing principle of company law that directors hold fiduciary duties to the company itself and not to third parties. Any liability for failing in relation to a company's activities should be borne by the company itself and not its directors.
The right balance must then be found between corporate social and legal liabilities (see answers below).

Thus, we deeply believe that any legal liability attached to the need to account for stakeholders' interests could be highly problematic and difficult for companies to implement.

Question 7. Do you believe that corporate directors should be required by law to set up adequate procedures and where relevant, measurable (science –based) targets to ensure that possible risks and adverse impacts on stakeholders, ie. human rights, social, health and environmental impacts are identified, prevented and addressed?

- ○ I strongly agree
- ○ I agree to some extent
- ○ I disagree to some extent
- ● I strongly disagree
- ○ I do not know
- ○ I do not take position

Please explain:

The board is not responsible for settings procedures, it is the role of the management.

Furthermore, given the variety of size, activity and geographical scope of European companies, any EU initiative in this area should allow companies complete flexibility to decide whether and which procedures and targets in this area are appropriate to their business. Imposing fixed objectives quantified by legislation or by third parties would be perilous. Moreover, quantified and science-based targets are not always appropriate, in particular for human rights issues. Requiring companies to set up quantified targets might lead companies to unduly focus their actions on certain issues while overlooking others which do not lend themselves to quantification exercises. Therefore, companies and specific industry sectors are best placed to consider for themselves both whether science-based targets are appropriate and to fix methodology behind such targets.

Moreover, we would like to recall that in relation to environment and climate, specific legislation has already been adopted and will be reinforced by the measures set out in the EU Green Deal. Examples of existing and future legislation include the European sustainable finance package - containing the Taxonomy Regulation and related delegated acts, the Disclosure Regulation or Non-Financial Reporting Directive (and its upcoming revision) and associated guidelines on greenhouse gas reporting - the Emission Trading Scheme, the Environmental Liability Directive and future guidelines on environmental damage, and the Industrial Emissions Directive. Thus, methodological consistency with other existing or under discussion obligations is paramount.

Question 8. Do you believe that corporate directors should balance the interests of all stakeholders, instead of focusing on the short-term financial interests of shareholders, and that this should be clarified in legislation as part of directors' duty of care?

- ○ I strongly agree
- ○ I agree to some extent

- I disagree to some extent
- I strongly disagree
- I do not know
- I do not take position

Please provide an explanation or comment:

We do not think that this question is framed in an appropriate manner; it rather seems theoretical and biased. First, it is not our experience that directors are systematically “focused” on short termism. Moreover, this view is also reflected in certain academics’ papers published in reaction to the EY report. Second, the question gives the impression that the interests of shareholders and stakeholders are always contradictory. This is not the case and it is unfortunate that the Commission has chosen to focus on potential risk.

As an illustration, a rising number of companies in France become “société à mission” (mission business) pursuant to the French Law PACTE (see above). These transformations were adopted by a great majority of the votes at the general meetings.

This shows that in these cases, rather than focusing on short-term financial interest, almost all shareholders supported an evolution towards a more comprehensive conception of the role of the company. This example reflects the general experiences of Medef members who equally find that shareholders are not short-termist in their views. Furthermore, as explained for question 1, the French experience shows that a combination of hard law and soft law in this area is possible and effective.

Moreover, companies may have a vast array of direct and indirect stakeholders (ranging from employees to customers, civil society including NGOs and local communities, business partners, public authorities, etc.). Balancing the interests of all stakeholders may prove practically challenging, if not impossible, therefore any legal requirement to reconcile such contradictory interests would be unreasonable and inapplicable. Companies should therefore be given flexibility to identify the stakeholders relevant to their activities and specific context and to analyse and manage the different interests at stake.

Finally, for these reasons MEDEF does not favour an extensive view of directors’ and executive officers’ personal liability.

Question 9. Which risks do you see, if any, should the directors’ duty of care be spelled out in law as described in question 8?

There is a risk associated that over-stringent legislation which places a personal burden on directors as opposed to the company has counter-productive effects if directors and executive officers are required to bear personal legal liability. It might both deter talented individuals from taking up directorships of companies and significantly raise directors’ remunerations to reflect the potential individual liabilities, which might not be economically nor socially acceptable. Moreover, the directors’ duty of care as expressed above may place excessive administrative and procedural burdens, especially when it comes to the identification of their stakeholders’ interests.

How could these possible risks be mitigated? Please explain.

These risks could be mitigated by ensuring that duties on companies in this area are appropriate, reasonable and proportionate to the actual level of control on the effects of a management decision. Medef would thus

support the introduction of an obligation of means, rather than an obligation of results, similarly to the French Law PACTE (see above).
Regarding liability, as explained above, any EU legislative initiative should not lead to personal legal liability for directors and executive officers with respect to company's impacts on stakeholders. Directors only owe fiduciary duties to the company itself and not to third parties. Placing an obligation on directors to pursue both the company's interest and diverse external stakeholders' interests, which may be contradictory, would generate conflicting situations. It would therefore not be practicable nor acceptable for directors to face personal liability. Likewise, it would not be economically realistic for directors to bear liability for corporate-scale damages. Any liability for failings in relation to a company's activities should therefore be borne by the company itself and not its directors.
Moreover, Medef believes that it would not be appropriate to impose criminal sanctions, which should be reserved to intentional wrongdoings or gross negligence that has a direct link to a serious loss (death, injury, pollution…), just like this is currently dealt with under national criminal laws. Likewise, as per long-standing principle of law in Europe, neither directors nor companies should not be held liable for actions that are out with their control.
To prevent a disproportionate burden placed on SMEs, the EU framework should establish thresholds, as it is the case in the French law and only apply to large companies (with more than 5000 employees).

Where directors widely integrate stakeholder interest into their decisions already today, did this gather support from shareholders as well? Please explain.

As explained above, the French experience shows that legislation imposing integration of stakeholders' interests into company decision-making has received support from shareholders and investors. Indeed, during the last general meetings, shareholders greeted favourably resolutions from companies which decided to set a "statement of purpose" in their by-laws or to adopt the status of "société à mission".

Question 10. As companies often do not have a strategic orientation on sustainability risks, impacts and opportunities, as referred to in question 6 and 7, do you believe that such considerations should be integrated into the company's strategy, decisions and oversight within the company?

- ○ I strongly agree
- ○ I agree to some extent
- ○ I disagree to some extent
- ● I strongly disagree
- ○ I do not know
- ○ I do not take position

Please explain:

Companies generally do have a well-defined strategic orientation on sustainability risks, impacts and opportunities. According to a study conducted in 2020 by Medef, Deloitte and EY on the French non-financial reporting obligations (French transposition of the Non -Financial Reporting Directive), which covered 100 large French companies:

- 75% of companies have formalized a multi-year CSR approach or roadmap; such approach is increasingly connected or fully integrated into the company's strategy.

- 84% of companies set quantitative goals. Regarding the environment, 77% of companies set quantitative targets on climate (including 100% in industrial sectors).

Managing a company necessarily requires managing risks, impacts and opportunities on the long term. The efficiency and reliability of business depend not just on robust financial decision-making; but also on ensuring that the activities of business are acceptable to society as a whole. To retain their social license to operate and to be competitive in terms of customer value, talent attraction and fund raising capacity, companies necessarily integrate sustainability issues into their strategies. This practice is also reflected in voluntary approaches adopted by companies. As an example, many companies publicly pursue one or several of the UN’s Sustainable Development Goals or adhere to the OECD guidelines for multinational enterprises, which promote a responsible business conduct, through the National Contact Point (NCP) in France for example.

Medef works closely with French SMEs to help them take into account sustainability risks, impacts and opportunities in their strategies (through practical guides, webinars…). As shown in the 2020 Medef’s survey on the perception of CSR in companies, one of the results of these awareness-raising actions is that 72% of employees (representative sample of the French salaried population) are aware of at least one CSR action carried out within their company, compared to 68% in 2019.

It is essential that the law is flexible enough to allow companies to define their own strategy, in accordance with their activities and geographical context, taking into account stakeholders’ interests.

Enforcement of directors’ duty of care

Today, enforcement of directors’ duty of care is largely limited to possible intervention by the board of directors, the supervisory board (where such a separate board exists) and the general meeting of shareholders. This has arguably contributed to a narrow understanding of the duty of care according to which directors are required to act predominantly in the short-term financial interests of shareholders. In addition, currently, action to enforce directors’ duties is rare in all Member States.

Question 11. Are you aware of cases where certain stakeholders or groups (such as shareholders representing a certain percentage of voting rights, employees, civil society organisations or others) acted to enforce the directors’ duty of care on behalf of the company? How many cases? In which Member States? Which stakeholders? What was the outcome?
Please describe examples:

Directors owe a legal duty of care (fiduciary duty) to the company. It is not appropriate to require directors to have a legal duty of care to stakeholders. Any such duty of care to stakeholders is and should be held by the company itself rather than its directors.

Any overly onerous obligation on individuals such as directors of European companies could have the potentially damaging effect of discouraging progressive and highly qualified individuals from taking up directorships of companies. Particularly in this area of corporate sustainable development, it is essential that companies can attract open-minded, progressive individuals to drive companies’ strategy forward in this area.

Question 12. What was the effect of such enforcement rights/actions? Did it give rise to case law/ was it followed by other cases? If not, why?
Please describe:

N/A

Question 13. Do you consider that stakeholders, such as for example employees, the environment or people affected by the operations of the company as represented by civil society organisations should be given a role in the enforcement of directors' duty of care?

- I strongly agree
- I agree to some extent
- I disagree to some extent
- (selected) I strongly disagree
- I do not know
- I do not take position

Please explain your answer:

Any EU legislative initiative should not lead to personal legal liability for directors with respect to company's impacts on stakeholders. Directors only owe fiduciary duties to the company itself and not to third parties, such as external stakeholders. Any liabilities for failings in relation to a company's activities should be borne by the company itself and not its directors.

Moreover, traditional civil and criminal liability mechanisms can be used by stakeholders who suffer harm from companies' infringements. Additional mechanisms would not be necessary. It should also be noted that the EU directive on whistle-blowers' protection will adequately protect employees reporting abuses.
See also our answer to question 9.

Question 13a: In case you consider that stakeholders should be involved in the enforcement of the duty of care, please explain which stakeholders should play a role in your view and how.

See our answer to question 13.

Section III: Due diligence duty

For the purposes of this consultation, "due diligence duty" refers to a legal requirement for companies to establish and implement adequate processes with a view to prevent, mitigate and account for human rights (including labour rights and working conditions), health and environmental impacts, including relating to climate change, both in the company's own operations and in the company's the supply chain. "Supply chain" is understood within the broad definition of a company's "business relationships" and includes subsidiaries as well as suppliers and subcontractors. The company is expected to make reasonable efforts for example with respect to identifying suppliers and subcontractors. Furthermore, due diligence is inherently risk-based, proportionate and context specific. This implies that the extent of implementing actions should depend on the risks of adverse impacts the company is possibly causing, contributing to or should foresee.

Question 14: Please explain whether you agree with this definition and provide reasons for your answer.

We have a number of comments in relation to definitions:

- "due diligence duty" should include "safety risks".

- "climate change risk" should not be referenced in this manner. Climate issues are systemic societal issues resulting from global economic activity and are beyond the control of any single actor. The issue of greenhouse gas (GHG) emissions should be managed under other elements of the Green Deal by EU policymakers, including through measures to strongly steer energy demand towards a carbon reduction and carbon free path and to drive producers to reduce their CO2 emissions over time. The 2014 Non-Financial Reporting Directive already covers GHG reporting and is the appropriate tool to strengthen reporting in this area, if necessary.

- "supply chain": we do not agree with this definition which is too broad. In practice, it is impossible for companies to manage all the risks related to their "business relationships" along the whole supply chain.

The due diligence duty should focus on the activities on which companies have a reasonable level of control, i.e. only on the company's own operations, the activities of subsidiaries it controls and first-tier suppliers/ contractors. It would not be appropriate to cover the whole value chain, because that would disproportionately expose companies to liability, for acts over which they have no control, including for how their products are used.

More generally, Medef emphasizes the need for key terms to be clearly defined so as not to give rise to conflicting judicial interpretations across the EU. In particular, it is essential that human rights covered by the legislation are precisely defined and reference should be made to established definitions, such as the UN Guiding Principles on Business and Human Rights, and the Fundamental Conventions of the International Labour Organization.

Question 15: Please indicate your preference as regards the content of such possible corporate due diligence duty (tick the box, only one answer possible). Please note that all approaches are meant to rely on existing due diligence standards, such as the OECD guidance on due diligence or the UNGPs. Please note that Option 1, 2 and 3 are horizontal i. e. cross-sectorial and cross thematic, covering human rights, social and environmental matters. They are mutually exclusive. Option 4 and 5 are not horizontal, but theme or sector-specific approaches. Such theme specific or sectorial approaches can be combined with a horizontal approach (see question 15a). If you are in favour of a combination of a

horizontal approach with a theme or sector specific approach, you are requested to choose one horizontal approach (Option 1, 2 or 3) in this question.

- ○ Option 1. “Principles-based approach”: A general due diligence duty based on key process requirements (such as for example identification and assessment of risks, evaluation of the operations and of the supply chain, risk and impact mitigation actions, alert mechanism, evaluation of the effectiveness of measures, grievance mechanism, etc.) should be defined at EU level regarding identification, prevention and mitigation of relevant human rights, social and environmental risks and negative impact. These should be applicable across all sectors. This could be complemented by EU-level general or sector specific guidance or rules, where necessary
- ◉ Option 2. “Minimum process and definitions approach”: The EU should define a minimum set of requirements with regard to the necessary processes (see in option 1) which should be applicable across all sectors. Furthermore, this approach would provide harmonised definitions for example as regards the coverage of adverse impacts that should be the subject of the due diligence obligation and could rely on EU and international human rights conventions, including ILO labour conventions, or other conventions, where relevant. Minimum requirements could be complemented by sector specific guidance or further rules, where necessary.
- ○ Option 3. “Minimum process and definitions approach as presented in Option 2 complemented with further requirements in particular for environmental issues”. This approach would largely encompass what is included in option 2 but would complement it as regards, in particular, environmental issues. It could require alignment with the goals of international treaties and conventions based on the agreement of scientific communities, where relevant and where they exist, on certain key environmental sustainability matters, such as for example the 2050 climate neutrality objective, or the net zero biodiversity loss objective and could reflect also EU goals. Further guidance and sector specific rules could complement the due diligence duty, where necessary.
- ○ Option 4 “Sector-specific approach”: The EU should continue focusing on adopting due diligence requirements for key sectors only.
- ○ Option 5 "Thematic approach": The EU should focus on certain key themes only, such as for example slavery or child labour.
- ○ None of the above, please specify

Question 15a: If you have chosen option 1, 2 or 3 in Question 15 and you are in favour of combining a horizontal approach with a theme or sector specific approach, please explain which horizontal approach should be combined with regulation of which theme or sector?

We support a “minimum process and definitions approach”, which would allow companies in all sectors to put in place appropriate due diligence processes. Such processes should include requirements to identify, prevent and mitigate potential salient impacts and account for measures taken.

In this line, Medef believes that this legal framework could be similar to the French law on Duty of vigilance by addressing risks related to human rights and fundamental freedoms, human health and safety and the environment. On this basis, it would be appropriate for the EU legislation to include the following obligations for companies:

- Carry out a risk mapping (identification, analysis and prioritization) of salient issues (“risque d’atteinte grave”)
- Put in place actions to mitigate risks and prevent severe impacts i.e. to address such salient issues
- Implement procedures for the assessment of subsidiaries, subcontractors, or suppliers
- Set up whistle-blowing mechanisms
- Put in place a procedure to monitor implementation measures and evaluate their effectiveness.

Due diligence requirements should be company-wide, rather than country by country or project by project. The latter levels of granularity would indeed place an unreasonable administrative burden on companies. In addition, if reporting obligations are associated to due diligence requirements, any excessively granular requirements would likely generate information that is either not relevant for stakeholders or not comparable.

In accordance with the French law, Medef believes that the duty of due diligence should primarily consist in an obligation of means, only apply to large companies (with more than 5000 employees),exclude SMEs and focus on the activities on which companies have a reasonable level of control, i.e. the company’s own operations, the activities of the companies it controls and of its first-tier contractors and suppliers. It would not be appropriate to cover the whole value chain, because that would disproportionately expose companies to liability, for acts over which they have no control, including for how their products are used.

Question 15b: Please provide explanations as regards your preferred option, including whether it would bring the necessary legal certainty and whether complementary guidance would also be necessary.

- At first stage the EU framework should only apply to companies exceeding established thresholds (i.e. turnover threshold + number of employees, a threshold of 5000 employees appears appropriate) to avoid negative consequences on EU SMEs, as it is the case for the French Vigilance law.

- The EU framework should be risk-based to ensure that it is practical and encourages companies to focus on those areas which represent the greatest risks to their stakeholders. Thus, companies should be required to carry out risk mapping to identify the most severe risks (or salient issues) and should then be required to focus on the most important risks and salient issues.

- Companies should not be required to take responsibility for human rights impacts which are outside their control. For this reason, due diligence measures should be limited to first-tier suppliers. Since many companies have thousands or even hundreds of thousands of first tier suppliers, any attempt to place responsibility on companies beyond first tier is likely to be ineffective.

- EU companies should not be held legally responsible for decisions or actions taken by other companies (e.g. suppliers, subcontractors).

- Reporting requirements under the EU initiative should be clear and proportionate. Companies should not be required to divulge confidential information or trade secrets. They should only be required to publish an adequate summary of their cross-company due diligence processes.

- EU companies should be able to stock data on a period long enough to preserve their defence rights in case of litigation, including personal data, collected though their due diligence processes so as to be able to account for how they have dealt with the risks.

- The EU framework should not duplicate other EU regulations such as on conflict minerals, Non-Financial Reporting Directive, export control of dual-used goods and the EU directive on whistle-blowers protection.

- Companies should only be required to put in place adequate due diligence measurers, they should not be held liable on an obligation results basis for impacts occurring. Where adequate due diligence measures have been put in place this should be an adequate defence. Usual principles of civil law should apply : a fault, (obvious failure or gross negligence to put in place adequate due diligence measures), a damage and a causal link between these two elements.

- Requirements relating to the dialogue between companies and their stakeholders should be proportionate and flexible and should not lead to excessive burdens.

- The EU framework should be implemented in a harmonized way across all the EU sectors and EU Member States. It should apply to both public and private companies and to non-EU companies importing goods into the EU.

Question 15c: If you ticked options 2) or 3) in Question 15 please indicate which areas should be covered in a possible due diligence requirement (tick the box, multiple choice)

- [x] Human rights, including fundamental labour rights and working conditions (such as occupational health and safety, decent wages and working hours)
- [ ] Interests of local communities, indigenous peoples' rights, and rights of vulnerable groups
- [ ] Climate change mitigation
- [ ] Natural capital, including biodiversity loss; land degradation; ecosystems degradation, air, soil and water pollution (including through disposal of chemicals); efficient use of resources and raw materials; hazardous substances and waste
- [x] Other, please specify

Other, please specify:

Other : environmental as mentioned in the French Law on Duty of Vigilance.

The EU law should not refer to “climate change due diligence”. Macro societal challenges (such as climate change and global biodiversity loss) represent a global risk for the planet resulting from global economic activity. They are not risks which are within the sole or main control of any particular private actor and do not lead themselves to due diligence exercises. Such macro societal challenges (including climate challenge) are best captured through dedicated legislation and regulations, as is currently done by the EU. Nevertheless, companies should factor in the current and projected effects of climate change when assessing risks to human rights associated to their activity and determining mitigation measures (e.g. designing a long-term water provision system or relocating a village close to the sea).

Question 15d: If you ticked option 2) in Question 15 and with a view to creating legal certainty, clarity and ensuring a level playing field, what definitions regarding adverse impacts should be set at EU level?

The definition should be in line with the French Law on Duty of Vigilance and the UN Guiding Principles in this respect; obligations to carry out due diligence under the EU legislation should then focus on severe impacts. This will ensure that companies are focusing their resources on areas in which they are likely to have the most impact.

Question 15e: If you ticked option 3) in Question 15, and with a view to creating legal certainty, clarity and ensuring a level playing field, what substantial requirements regarding human rights, social and environmental performance (e.g. prohibited conducts, requirement of achieving a certain performance/target by a certain date for specific environmental issues, where relevant, etc.) should be set at EU level with respect to the issues mentioned in 15c?

N/A

Question 15f: If you ticked option 4) in question 15, which sectors do you think the EU should focus on?

N/A

Question 15g: If you ticked option 5) in question 15, which themes do you think the EU should focus on?

N/A

Question 16: How could companies’- in particular smaller ones’- burden be reduced with respect to due diligence? Please indicate the most effective options (tick the box, multiple choice possible)

This question is being asked in addition to question 48 of the Consultation on the Renewed Sustainable Finance Strategy, the answers to which the Commission is currently analysing.

- [x] All SMEs[16] should be excluded
- [ ] SMEs should be excluded with some exceptions (e.g. most risky sectors or other)
- [ ] Micro and small sized enterprises (less than 50 people employed) should be excluded
- [ ] Micro-enterprises (less than 10 people employed) should be excluded
- [ ] SMEs should be subject to lighter requirements ("principles-based" or "minimum process and definitions" approaches as indicated in Question 15)
- [ ] SMEs should have lighter reporting requirements
- [ ] Capacity building support, including funding
- [ ] Detailed non-binding guidelines catering for the needs of SMEs in particular
- [ ] Toolbox/dedicated national helpdesk for companies to translate due diligence criteria into business practices
- [x] Other option, please specify
- [ ] None of these options should be pursued

Please explain your choice, if necessary

> Attention will have to be paid to ensure that the administrative and legal burden on SMEs, is not excessive, for instance through the establishment of harmonized exemptions. The EU framework should only apply to large companies and exclude some companies by establishing thresholds (i.e. turnover + number of employees thresholds (over 5000 employees, as in French Law, appears relevant)) to avoid negative consequences on EU SMEs. This is the approach taken by the French law on Duty of Vigilance . Medef draws the Commission's attention to the fact that SMEs may also be affected as suppliers or subcontractors to larger firms subject to a duty of vigilance, even though the national laws do not include them in their scope. These companies should have lighter reporting requirements.
> Furthermore, exemptions should be offered to avoid excessive burdens for groups. The example of the NFRD's report can be followed as it sets up that "an undertaking which is a subsidiary undertaking shall be exempted from the obligation of reporting, if that undertaking and its subsidiary undertakings are included in the consolidated management report or the separate report of another undertaking".

Question 17: In your view, should the due diligence rules apply also to certain third-country companies which are not established in the EU but carry out (certain) activities in the EU?

- (•) Yes
- ( ) No

○ I do not know

Question 17a: What link should be required to make these companies subject to those obligations and how (e.g. what activities should be in the EU, could it be linked to certain turnover generated in the EU, other)? Please specify.

> Foreign companies established in the EU should be imposed the same obligations than EU companies (non-discrimination principle). In addition, foreign companies active in the EU but not established in the internal market (e.g. marketing goods through online platforms) should also be covered by the new directive / regulation to ensure a level playing field. The EU commission should include this specific point in its impact assessment.
>
> It is imperative that the Commission ensures, as part of an in-depth impact study, that this initiative does not harm the competitiveness of European business and the basic principles of the internal market (unfair competition, extreme targeting of certain sectors, and so forth).

Question 17b: Please also explain what kind of obligations could be imposed on these companies and how they would be enforced.

> Please see our answers above and below.

Question 18: Should the EU due diligence duty be accompanied by other measures to foster more level playing field between EU and third country companies?

◉ Yes
○ No
○ I do not know

Please explain:

> It is a general principle that it is the States' obligation to respect, protect and fulfil human rights and fundamental freedoms. Therefore, it is necessary that the Commission and the EU Member States continue to work with third party States to promote human rights and to ensure that similar requirements to those to be imposed on EU companies will also apply to third country companies through non-EU legislation.
>
> Foreign companies established in the EU should be imposed the same obligations than EU companies (non-discrimination principle). In addition, foreign companies active in the EU but not established in the internal market (e.g. marketing goods through online platforms) should also be covered by the new legislation to ensure a level playing field. The EU Commission should include this specific point in its impact assessment.

Question 19: Enforcement of the due diligence duty

Question 19a: If a mandatory due diligence duty is to be introduced, it should be accompanied by an enforcement mechanism to make it effective. In your view, which of the following mechanisms would be the most appropriate one(s) to enforce the possible obligation (tick the box, multiple choice)?

- [x] Judicial enforcement with liability and compensation in case of harm caused by not fulfilling the due diligence obligations
- [ ] Supervision by competent national authorities based on complaints (and/or reporting, where relevant) about non-compliance with setting up and implementing due diligence measures, etc. with effective sanctions (such as for example fines)
- [ ] Supervision by competent national authorities (option 2) with a mechanism of EU cooperation/coordination to ensure consistency throughout the EU
- [ ] Other, please specify

Please provide explanation:

Companies should be able to show that they have done appropriate due diligence under an obligation of means. They should not be liable for impacts if reasonable due diligence measures were taken.
Companies should have grievance mechanisms in place and remedies should occur close to operations.

Where there is gross failure of a company to put in place reasonable due diligence measures this could be sanctioned by a civil fine. Civil liability should only apply if (i) due diligence has not been carried out and (ii) usual rules of civil liability are satisfied.
Criminal sanctions should only apply in case of intentional harm or gross negligence that has a direct link to a serious loss (death, injury, pollution…) as is currently the case under national criminal laws.
Injunctive relief should not allow a Court or competent authority to dictate the substance of legislative provisions.
Medef does not agree with the idea that the law should allow foreign nationals to directly bring cases before the European national courts. Courts do not have the sovereign authority to handle such claims, which must be handled before national courts.

Question 19b: In case you have experience with cases or Court proceedings in which the liability of a European company was at stake with respect to human rights or environmental harm caused by its subsidiary or supply chain partner located in a third country, did you encounter or do you have information about difficulties to get access to remedy that have arisen?

- ( ) Yes
- ( ) No

In case you answered yes, please indicate what type of difficulties you have encountered or have information about:

If you encountered difficulties, how and in which context do you consider they could (should) be addressed?

Section IV: Other elements of sustainable corporate governance

Question 20: Stakeholder engagement

Better involvement of stakeholders (such as for example employees, civil society organisations representing the interests of the environment, affected people or communities) in defining how stakeholder interests and sustainability are included into the corporate strategy and in the implementation of the company's due diligence processes could contribute to boards and companies fulfilling these duties more effectively.

Question 20a: Do you believe that the EU should require directors to establish and apply mechanisms or, where they already exist for employees for example, use existing information and consultation channels for engaging with stakeholders in this area?

- ○ I strongly agree
- ○ I agree to some extent
- ○ I disagree to some extent
- ● I strongly disagree
- ○ I do not know
- ○ I do not take position

Please explain.

It should be up to each company to define the scope of its stakeholders and decide the best way to organize the dialogue. This process will ensure that a dialogue occurs with the most relevant stakeholders where companies operate and in the manner which is most appropriate to their needs.

As an example, employees occupy a specific and fundamental position in the company which justifies important rights of information and consultation. Other category of stakeholders will require different levels and types of information. Depending on the size and on the company level of decentralization, this stakeholder dialogue can be set at local, regional, national, European or international level for more relevance.

Moreover, it is not reasonable to believe that companies can carry out an exhaustive overview of all their stakeholders' interests. There is no definition of the term "stakeholders" in law and such a definition would be difficult to establish due to the specificity of each company's environment. Thus, we deeply believe that any legal consequences attached to this notion would be highly problematic. Companies usually identify their most relevant stakeholders and identify, prevent, mitigate and account for how they address their impacts.

Finally, it may be impossible to balance the interests of all the stakeholders, especially in sectors where companies have thousands of stakeholders. Activities which may have a highly positive impact on one set of stakeholders, or even be crucial for their human rights, could have negative impacts on others.

Question 20b: If you agree, which stakeholders should be represented? Please explain.

Companies should be free to identify the stakeholder groups that are most relevant to their specific circumstances which may include employees or their representatives, investors, local communities, local or national government entities, commercial partners, suppliers, relevant NGOs and consumer associations, etc.

Question 20c: What are best practices for such mechanisms today? Which mechanisms should in your view be promoted at EU level? (tick the box, multiple choice)

	Is best practice	Should be promoted at EU level
Advisory body	○	○
Stakeholder general meeting	○	○
Complaint mechanism as part of due diligence	○	○
Other, please specify	●	○

Other, please specify:

Companies already organize dialogue with their stakeholders through different initiatives, choosing the mechanism most suitable to their situation and activities, such as: advisory committee, roadshows, direct dialogue, one to one meetings, internal mechanisms, partnerships, co-innovation, panels, etc.

It is important that companies remain free to choose mechanisms appropriate to their specific circumstances. Best practices should be made available and promoted.
This dialogue is not a matter which would benefit from legally enforced mechanisms. Soft law is working well. Any legal consequences attached to this notion would be counterproductive for companies who need flexibility to adapt their approach to the type of stakeholders, the risks and the geographical scope which are most relevant to their activities.

Thus, each company should identify its relevant stakeholders and decide the best ways to organize the dialogue. Medef issued guidelines to help companies organize the dialogue with their stakeholders .

Question 21: Remuneration of directors

Current executive remuneration schemes, in particular share-based remuneration and variable performance criteria, promote focus on short-term financial value maximisation [17] (Study on directors' duties and sustainable corporate governance).

Please rank the following options in terms of their effectiveness to contribute to countering remuneration incentivising short-term focus in your view.

This question is being asked in addition to questions 40 and 41 of the Consultation on the Renewed Sustainable Finance Strategy the answers to which the Commission is currently analysing.
Ranking 1-7 (1: least efficient, 7: most efficient)

Restricting executive directors' ability to sell the shares they receive as pay for a certain period (e.g. requiring shares to be held for a certain period after they were granted, after a share buy-back by the company)	☆☆☆☆☆☆☆
Regulating the maximum percentage of share-based remuneration in the total remuneration of directors	☆☆☆☆☆☆☆
Regulating or limiting possible types of variable remuneration of directors (e. g. only shares but not share options)	☆☆☆☆☆☆☆
Making compulsory the inclusion of sustainability metrics linked, for example, to the company's sustainability targets or performance in the variable remuneration	☆☆☆☆☆☆☆
Mandatory proportion of variable remuneration linked to non-financial performance criteria	☆☆☆☆☆☆☆
Requirement to include carbon emission reductions, where applicable, in the lists of sustainability factors affecting directors' variable remuneration	☆☆☆☆☆☆☆

Taking into account workforce remuneration and related policies when setting director remuneration	
Other option, please specify	
None of these options should be pursued, please explain	

Please explain:

This is not a matter that should be resolved through a rank and stars question, as it depends on a lot of criteria that are not explained in this question. Medef believes that these options need to be properly assessed.
Medef would like to recall that as detailed below, existing legislation, both at the EU and national levels, as well as voluntary initiatives already address the options proposed in this question, which would make any further action in these respects unnecessary or even counterproductive. Furthermore, there is an overall framework (dialogue with investors and shareholders, vote during the general meeting, etc) and details should be left to the Board, which would be best placed to assess remuneration process depending on company's specificities.
Option1:Such provision is related to the locally applicable tax regime and the Shareholder Rights Directive II (SRDII) already states that: "Where the company awards share-based remuneration, the policy shall specify vesting periods and where applicable retention of shares after vesting". In France, the vesting period may not be less than one year, and the combined vesting and holding periods may not be less than two years.
Option2:It would be counterproductive to set a "one size fits all" rule considering the diversity of life-cycle, sectors, directors' profiles or capital structure of companies. Each situation is different as mentioned in the Afep-Medef Code which states that:
"With regard to executives, it is necessary:
– to ensure that the stock options and performance shares (…) represent a proportionate percentage of the aggregate of all compensation, options and shares awarded to them. The Board must specify the percentage of the compensation not to be exceeded by such awards;
– to avoid awards from being overly concentrated on them. According to the situation of each company (…), the Board must define the maximum percentage of options and performance shares that may be awarded (…), as compared with the aggregate award approved by the shareholders. The resolution authorising the award plan submitted to a vote at the GM must mention this maximum."
Option3:Transparency is key as set out in SRDII which states that: "The remuneration policy shall contribute to the company's business strategy and long-term interests and sustainability and shall explain how it does so. It shall be clear and understandable and describe the different components of fixed and variable

remuneration, including all bonuses and other benefits in whatever form, which can be awarded to directors and indicate their relative proportion."
However, as explained above it would be counterproductive to set a "one size fits all" rule. The limitation might be useful but depending on a lot of criteria, soft law offers this flexibility. For example, the Afep-Medef Code states that for non-executive officers: "It is not desirable to award variable compensation, stock options or performance shares."
Option4:SRDII already states that: "The remuneration policy should contribute to the business strategy, long-term interests and sustainability of the company and should not be linked entirely or mainly to short-term objectives. Directors' performance should be assessed using both financial and non-financial performance criteria, including, where appropriate, environmental, social and governance factors. (…) Where a company awards variable remuneration, the remuneration policy shall set clear, comprehensive and varied criteria for the award of the variable remuneration. It shall indicate the financial and non-financial performance criteria, including, where appropriate, criteria relating to corporate social responsibility, and explain how they contribute to the objectives set out in the first subparagraph, and the methods to be applied to determine to which extent the performance criteria have been fulfilled."
The Afep-Medef Code also promotes this view.
Option5:See comments to option 4.
Option6:As mentioned in option 4, the existing legislation regarding the implementation of non-financial criteria, implies no need for further initiative. Thus, given the variety of size, activity and geographical scope of European companies, it should be up to each company, to decide which targets in this area are appropriate to their business.
Option7:SRDII states that:"The remuneration policy shall explain how the pay and employment conditions of employees of the company were taken into account when establishing the remuneration policy".
The French law even goes beyond with information on the ratios for measuring the gaps between the compensation of company officers and that of employees of the corporation. Furthermore, in France, employee incentive schemes and profit-sharing mechanisms are well developed.
The Afep-Medef Code encourages to consider workforce remuneration when setting director remuneration and states about long-term compensation that "employees may benefit from them".

Question 22: Enhancing sustainability expertise in the board

Current level of expertise of boards of directors does not fully support a shift towards sustainability, so action to enhance directors' competence in this area could be envisaged [18] (Study on directors' duties and sustainable corporate governance).
Please indicate which of these options are in your view effective to achieve this objective (tick the box, multiple choice).

- ☐ Requirement for companies to consider environmental, social and/or human rights expertise in the directors' nomination and selection process
- ☐ Requirement for companies to have a certain number/percentage of directors with relevant environmental, social and/or human rights expertise
- ☐ Requirement for companies to have at least one director with relevant environmental, social and/or human rights expertise
- ☐

Requirement for the board to regularly assess its level of expertise on environmental, social and/or human rights matters and take appropriate follow-up, including regular trainings

- [x] Other option, please specify
- [x] None of these are effective options

Please explain:

We do not feel that it would be appropriate for EU legislation to dictate to companies the selection criteria for their Boards members. All the proposals set out in the question above would require that “environmental, social and human rights expertise’s” could prevail over other forms of expertise which are also fundamental to the success of European businesses. Segmentation of mandatory expertises should be avoided and it should be up to the Board, which is a collective body, to consider the most appropriate skills set for its membership and that of the Board committees. Each Board should be encouraged to make public in their annual report on corporate governance a description of the policies applied to members of the Board of Directors as well as a description of the objectives of those policies (which could include training), the implementation measures and the results achieved in the past financial year. Such action is already encouraged through soft law in France, and is set out in the Afep-Medef Code : “Each Board should consider what the desirable balance of its membership and that of the Board committees should be, particularly in terms of diversity (gender representation, nationalities, age, qualifications, professional experience, etc.). It should make public in the report on corporate governance a description of the diversity policy applied to members of the Board of Directors as well as a description of the objectives of this policy, its implementation measures and the results achieved in the past financial year.”

Furthermore, we noticed that once the Board’s duty of care implies awareness on the social and environmental impact of the company’s activities, there is a natural adaptation of the Board’s composition. This is already visible in French listed companies’ boards, which increasingly include members well-versed in ESG topics.

Question 23: Share buybacks

Corporate pay-outs to shareholders (in the form of both dividends and share buybacks) compared to the company’s net income have increased from 20 to 60 % in the last 30 years in listed companies as an indicator of corporate short-termism. This arguably reduces the company’s resources to make longer-term investments including into new technologies, resilience, sustainable business models and supply chains[19]. (A share buyback means that the company buys back its own shares, either directly from the open market or by offering shareholders the option to sell their shares to the company at a fixed price, as a result of which the number of outstanding shares is reduced, making each share worth a greater percentage of the company, thereby increasing both the price of the shares and the earnings per share.) EU law regulates the use of share-buybacks [Regulation 596/2014 on market abuse and Directive 77/91, second company law Directive].

In your view, should the EU take further action in this area?

- ( ) I strongly agree
- ( ) I agree to some extent
- ( ) I disagree to some extent
- (x) I strongly disagree
- ( ) I do not know
- ( ) I do not take position

Question 23a: If you agree, what measure could be taken?

Question 24: Do you consider that any other measure should be taken at EU level to foster more sustainable corporate governance?
If so, please specify:

See our answers above.

Section V: Impacts of possible measures

Question 25: Impact of the spelling out of the content of directors' duty of care and of the due diligence duty on the company
Please estimate the impacts of a possible spelling out of the content of directors' duty of care as well as a due diligence duty compared to the current situation. In your understanding and own assessment, to what extent will the impacts/effects increase on a scale from 0-10? In addition, please quantify/estimate in quantitative terms (ideally as percentage of annual revenues) the increase of costs and benefits, if possible, in particular if your company already complies with such possible requirements.

Table

	Non-binding guidance. Rating 0-10	Introduction of these duties in binding law, cost and benefits linked to setting up /improving external impacts' identification and mitigation processes Rating 0 (lowest impact)-10 (highest impact) and quantitative data	Introduction of these duties in binding law, annual cost linked to the fulfilment of possible requirements aligned with science based targets (such as for example climate neutrality by 2050, net zero biodiversity loss, etc.) and possible reorganisation of supply chains Rating 0 (lowest impact)-10 (highest impact) and quantitative data
Administrative costs including costs related to new staff required to deal with new obligations			
Litigation costs			
Other costs including potential indirect costs linked to higher prices in the supply chain, costs liked to drawbacks as explained in question 3, other than administrative and litigation costs, etc. Please specify.			
Better performance stemming from increased employee loyalty, better employee performance, resource efficiency			

Competitiveness advantages stemming from new customers, customer loyalty, sustainable technologies or other opportunities			
Better risk management and resilience			
Innovation and improved productivity			
Better environmental and social performance and more reliable reporting attracting investors			
Other impact, please specify			

Please explain:

We do not take position.

Question 26: Estimation of impacts on stakeholders and the environment
A clarified duty of care and the due diligence duty would be expected to have positive impacts on stakeholders and the environment, including in the supply chain. According to your own understanding and assessment, if your company complies with such requirements or conducts due diligence already, please quantify / estimate in quantitative terms the positive or negative impact annually since the introduction of the policy, by using examples such as:
- Improvements on health and safety of workers in the supply chain, such as reduction of the number of accidents at work, other improvement on working conditions, better wages, eradicating child labour, etc.
- Benefits for the environment through more efficient use of resources, recycling of waste, reduction in greenhouse gas emissions, reduced pollution, reduction in the use of hazardous material, etc.
- Improvements in the respect of human rights, including those of local communities along the supply chain
- Positive/negative impact on consumers
- Positive/negative impact on trade
- Positive/negative impact on the economy (EU/third country).

N/A

Contact

just-cleg@ec.europa.eu