

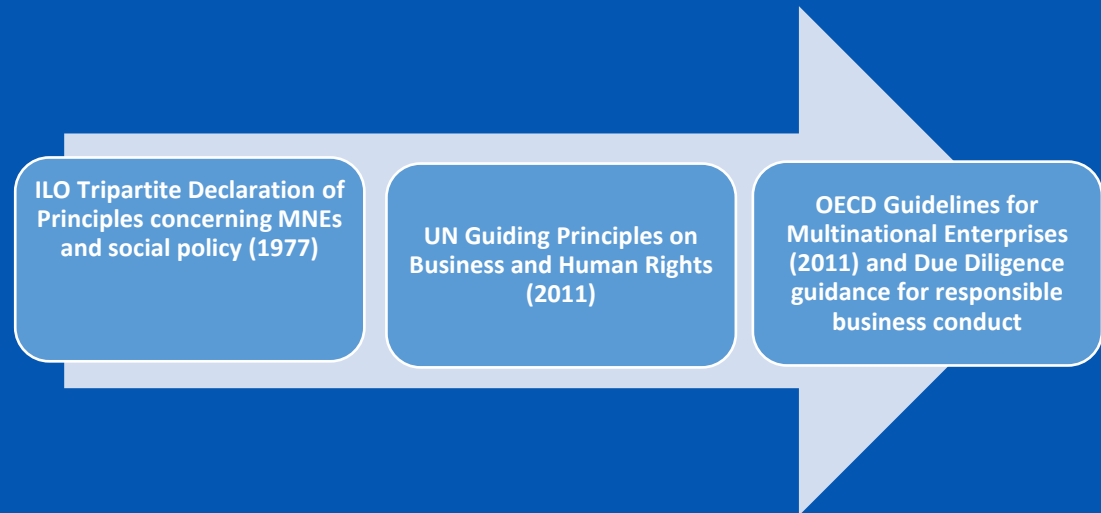
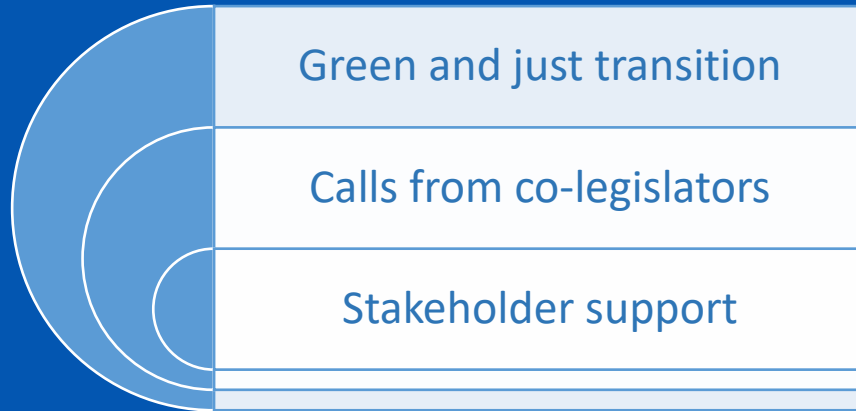


Directive on Corporate Sustainability Due Diligence

Timeline



WHY?



WHO?

| | | PERSONAL SCOPE | "Anti-circumvention measures" |
|---------|--|---|-------------------------------|
| GROUP 1 | For each of the last two consecutive financial years | 500+ employees** and more than net €150 million of turnover*** | LARGE EU LLCs * |
| | | More than net €150 million of turnover*** | NON-EU COMPANIES |
| GROUP 2 | For each of the last two consecutive financial years | 250+ employees** and more than net €40 million of turnover***, operating in defined high-impact sectors | LARGE EU LLCs * |
| | | More than net €40 million of turnover***, operating in defined high-impact sectors | NON-EU COMPANIES |
| | | Applicable to this group 2 years later than to group 1. | |

1. **Groups of companies**
 - ultimate parent company of group reaching the thresholds on consolidated basis
2. **Franchising or licensing agreements**
 - royalties more than EUR 7.5 million AND
 - net worldwide turnover more than EUR 40 million (either alone or as ultimate parent company of a group)

* Financial undertakings are excluded from the scope in their downstream with possible inclusion at a later stage (Art. 29 EC to evaluate the need for additional due diligence requirements tailored to the financial sector no later than 2 years after the entry into force of the Directive).

** Inclusion of workers in non-standard forms of employment

*** Worldwide turnover for EU companies and EU wide turnover for non-EU companies

WHO?

GARMENT & FOOTWEAR

- Manufacture of textiles, leather and related products including footwear and the wholesale trade of textiles, clothing and footwear

AGRICULTURE

- Agriculture, forestry, fisheries including aquaculture, manufacture of food products and the wholesale trade of agricultural raw materials, live animals, wood, food and beverages

MINERALS

- Extraction of mineral resources, manufacture of basic metal products, other non-metallic mineral products and fabricated metal products and the wholesale trade of mineral products and fabricated metal products, the wholesale trade of mineral resources

CONSTRUCTION

WHAT?

CORPORATE DUE DILIGENCE DUTY

All companies under the scope in own operations, the operations of subsidiaries, and the operations carried out by business partners in companies' chains of activities

- **Identifying and assessing** and where necessary, **prioritizing** actual or potential human rights and environmental adverse impacts
- **Preventing and mitigating** potential and **bringing** actual impacts **to an end** and **minimising their extent** (providing remediation to actual impacts /carrying out meaningful engagement with stakeholders)
- Establishing and maintaining a notification mechanism and complaints procedure
- Monitoring the effectiveness of the due diligence policy
- Publicly communicating on due diligence

Liability for violations of the obligation

CLIMATE CHANGE

Group 1 companies incl. financial sector

- Obligation of means to adopt and put into effect, through best efforts, a transition plan for climate change mitigation.

(describing time-bound targets, decarbonization levers and key actions to reach targets, investments supporting the implementation as well as the role of the administrative, management and supervisory bodies in the plan)

WHAT?

Human rights impacts

- **All human rights covered** (Annex Part I)
- Section 2: wide list of human rights and fundamental freedoms instruments, including for vulnerable groups. Core International Labour Organisation (ILO) Conventions can also be added to the list, by delegated acts, once they have been ratified by all Member States.

Environmental impacts

- **Prohibitions and obligations included in environmental instruments** listed in the Annex, Part II
- any measurable environmental degradation – such as harmful soil change, water or air pollution, harmful emissions or excessive water consumption or other impacts on natural resources – that harms a person.

WHAT?

Guidelines

How to conduct due diligence, particularly, the identification process, the prioritisation of impacts, appropriate measures to adapt purchasing practices, responsible disengagement, appropriate measures for remediation, and how to identify and engage with stakeholders

Climate transition plans

Sector specific, in particular for the high impact sectors

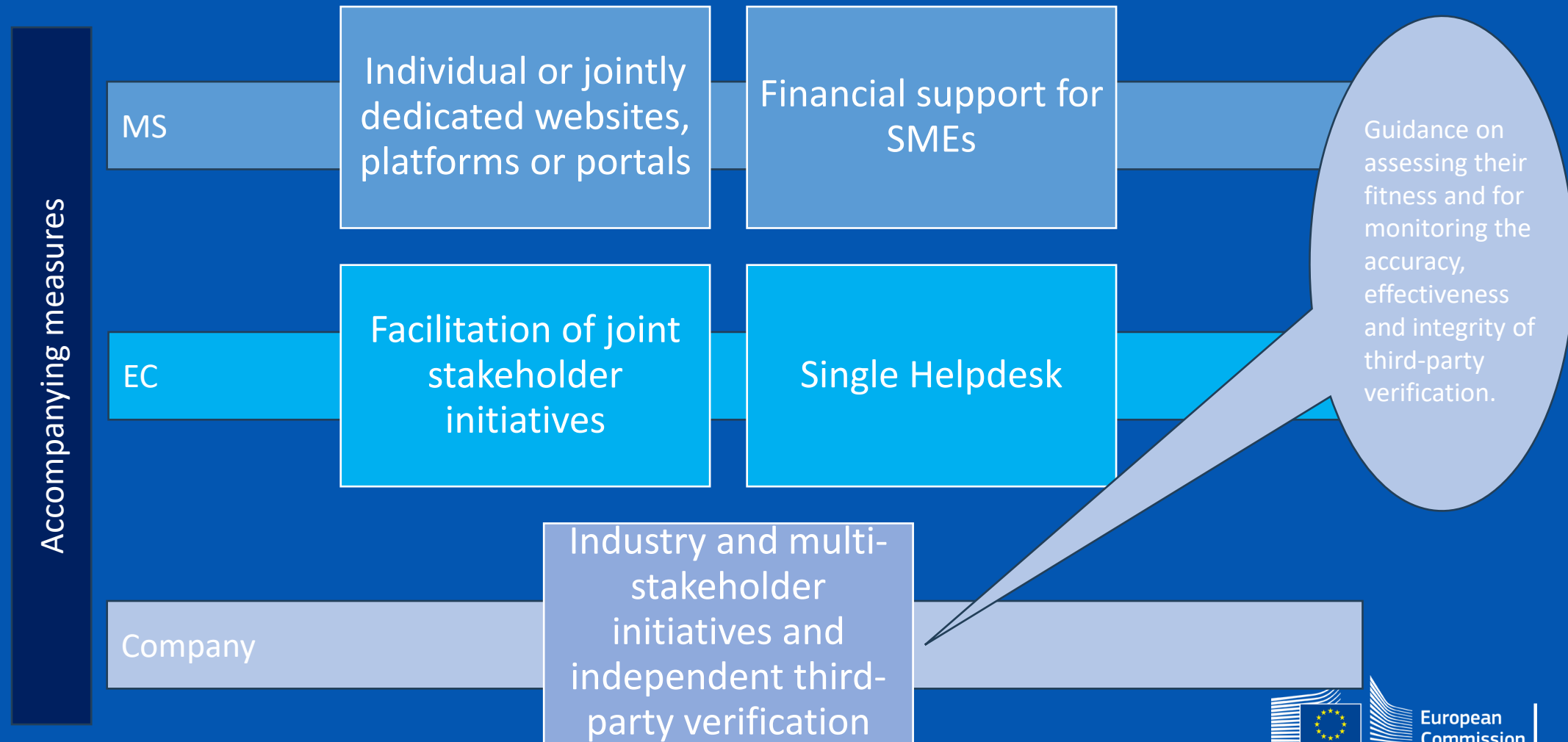
Assessment of company-level, business operations, geographic and contextual, product and service, and sectoral risk factors, including those associated with conflict-affected and high-risk areas

References to data and information sources available for the compliance with the obligations and to digital tools and technologies that could facilitate and support compliance

Information on how to share resources and information among companies and other legal entities for the purpose of compliance with national provisions

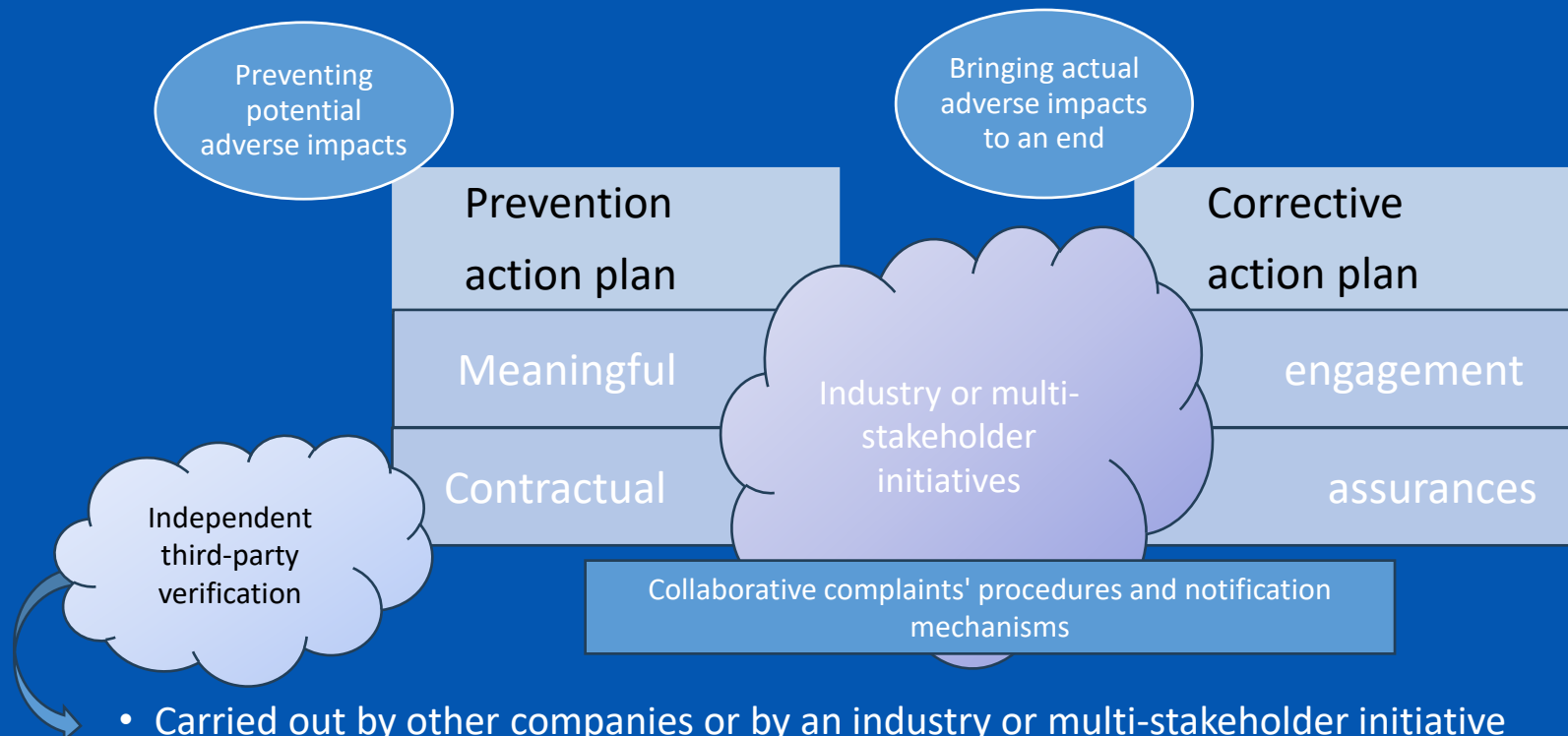
Information for stakeholders and their representatives on how to engage throughout the due diligence process

WHAT?



Industry or multi-stakeholder initiatives and independent third-party verification

- Assessed and used to the extent appropriate to support the fulfilment of the relevant obligations



- Carried out by other companies or by an industry or multi-stakeholder initiative
- When measures to verify compliance are carried out in relation to SMEs, the company bears the cost
- In case the SME requests to pay at least a part of the cost, the SME can share the results of verifications with other companies.
- Verifiers are to: act with objectivity and independence; be free from any conflict of interests and external influence; refrain from any action incompatible with their independence; have experience and competence in environmental or human rights matters; be accountable for the quality and reliability of the verification.

HOW?

Administrative supervision

- Member States to designate one or more authorities to supervise compliance
- A European Network of Supervisory Authorities will ensure EU level cooperation
- Undertakings that do not comply with their due diligence obligations shall be subject to administrative sanctions by national competent authorities.
- Those penalties shall be proportionate and dissuasive and may take the form of fines or other penalties (financial penalties capped at no less than 5% of the company's net turnover).

Civil liability

- Civil liability arises where the damage to a natural or legal person's legal interest protected under national law is caused by intentional or negligent failure to comply with due diligence obligations.
- A company cannot be held liable if the damage was caused only by its business partners in its chain of activities.
- Limitation period of at least five years to bring actions for damages by those concerned by adverse impacts (including trade unions / CSOs / NHRIs).
- Rules on the disclosure of evidence, injunctive measures, and cost of the proceedings for claimants.