

ENNHRI welcomes the adoption of EU's Corporate Sustainability Due Diligence Directive

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ENNHRI, the European Network of National Human Rights Institutions, welcomes the adoption of the Corporate Sustainability Due Diligence Directive (CSDD Directive) by the European Parliament on [24 April 2024](#) and the Council of the European Union on [24 May 2024](#).

The CSDD Directive will require certain large companies to identify and address negative human rights and environmental impacts in their own operations, subsidiaries and 'chains of activities'. A range of stakeholders, including businesses and civil society, have welcomed the initiative as it has the potential to transform corporate behaviour and facilitate better respect for human rights and the environment by businesses. ENNHRI has also been supportive of this initiative as discussed in [several of its earlier statements](#). Once in force, the EU Member States will have two years to incorporate the CSDD Directive into their national laws.

ENNHRI has been actively involved in the earlier stages of the adoption of the CSDD Directive and welcomes the inclusion of several of its suggestions in the final text of this directive. These include full or partial incorporation of:

- risk-based approach to due diligence;
- effectiveness criteria in the definition of appropriate measures;
- stronger requirements for meaningful engagement with stakeholders, especially rightsholders who might be affected, throughout different steps of due diligence;
- involvement of the framework of the UN Guiding principles (UNGPs), albeit worded differently;
- considerations of a company's ability to influence its business partner when determining what appropriate measures are needed;
- linkage of due diligence obligations with public procurement; and
- a recital recalling that all businesses have a responsibility to respect human rights.

However, in some respects, the CSDD Directive does not reach its full potential and risks creating additional burdens to access to remedy for rightsholders, for example, through limitations on civil liability, exclusion of downstream activities of the financial institutions, even omitting several downstream activities altogether. However, ENNHRI welcomes the clear commitment of the European Commission to review the effectiveness of the CSDD Directive in reaching its objectives, in particular in addressing adverse impacts and therefore, leaving room for improvement in the future.

Further alignment of the CSDD Directive transposition laws with the main international standards such as the [UNGPs](#) and [OECD Guidelines](#) would be a welcome step that can support the prevalence of due diligence efforts that put people and planet at their core. The implementation of the CSDD Directive should continue to be informed by the guidance provided under these standards to safeguard the highest level of protection of rightsholders and the environment.

How effective the Directive will be in changing human rights outcomes will depend on whether rightsholders will be actually strengthened in their ability to assert their rights and whether companies and Supervisory Authorities will centre human rights outcomes in the implementation of due diligence obligations. ENNHRI therefore welcomes the commitment of the European Commission to set up a single helpdesk, develop further guidelines for stakeholders and their representatives on engaging in the due diligence process, as well as the possibility for Member States to support stakeholders in the exercise of rights laid down in the Directive.

How companies meet their due diligence obligations will largely depend on future guidance and support from the European Commission as well as the capacity of the Supervisory Authorities and overall adequate enforcement of the new rules. ENNHRI welcomes the commitment of the European Commission to develop further guidelines in consultation with different stakeholders, and the creation of a European Network of Supervisory Authorities which should facilitate effective implementation of the CSDD Directive. National Human Rights Institutions can provide guidance in the set-up of support measures and build human rights capacity among institutions enforcing the CSDD Directive, as well as those implementing it.

The transposition of the CSDD Directive should also serve as a catalyst for local discussions for development of other regulatory and policy responses to human rights challenges in the business context, especially since not all EU Member States have developed National Action Plans on Business and Human Rights or taken other tangible and effective steps for implementation of the UNGPs.

Knowing the local context allows the EU Member States to understand how they should provide for a stronger protection of human rights and the environment, for instance by broadening the

personal scope of the CSDD Directive. EU Member States play an important role in strengthening the capacities of companies, both of those that fall directly under the scope of the Directive, as well as those indirectly affected, such as small and medium sized companies, as well as strengthening the understanding of stakeholders affected by business conduct in exercising their rights under the Directive.

Looking ahead, information sharing between EU actors implementing and enforcing the Directive and actors outside the EU affected by business impacts will be crucial. Existing structures need to be strengthened and new ones built out. National Human Rights Institutions in May [reaffirmed their commitment](#) to collaborate globally to support the development of human rights protection in the context of business activity and to collaborate in ensuring an effective enforcement of existing legislation.

