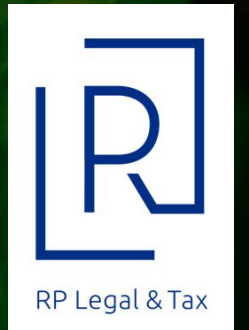


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**Overview of latest
regulations in global
jurisdictions**

Regulations Worldwide: Differences & Similarities

Mandatory Disclosure:

Report on what is in place, including due diligence systems if implemented

Examples:

- U.K. Modern Slavery Act
- California Transparency in Supply Chains Act
- Upcoming EU Corporate Sustainability Reporting Directive (CSRD)

Mandatory Due Diligence + Disclosure:

Report on **and** implement due diligence systems

Examples:

- French Duty of Care Act
- German Supply Chain Law
- Upcoming EU Sustainability Due Diligence Directive (CSDD)

VS

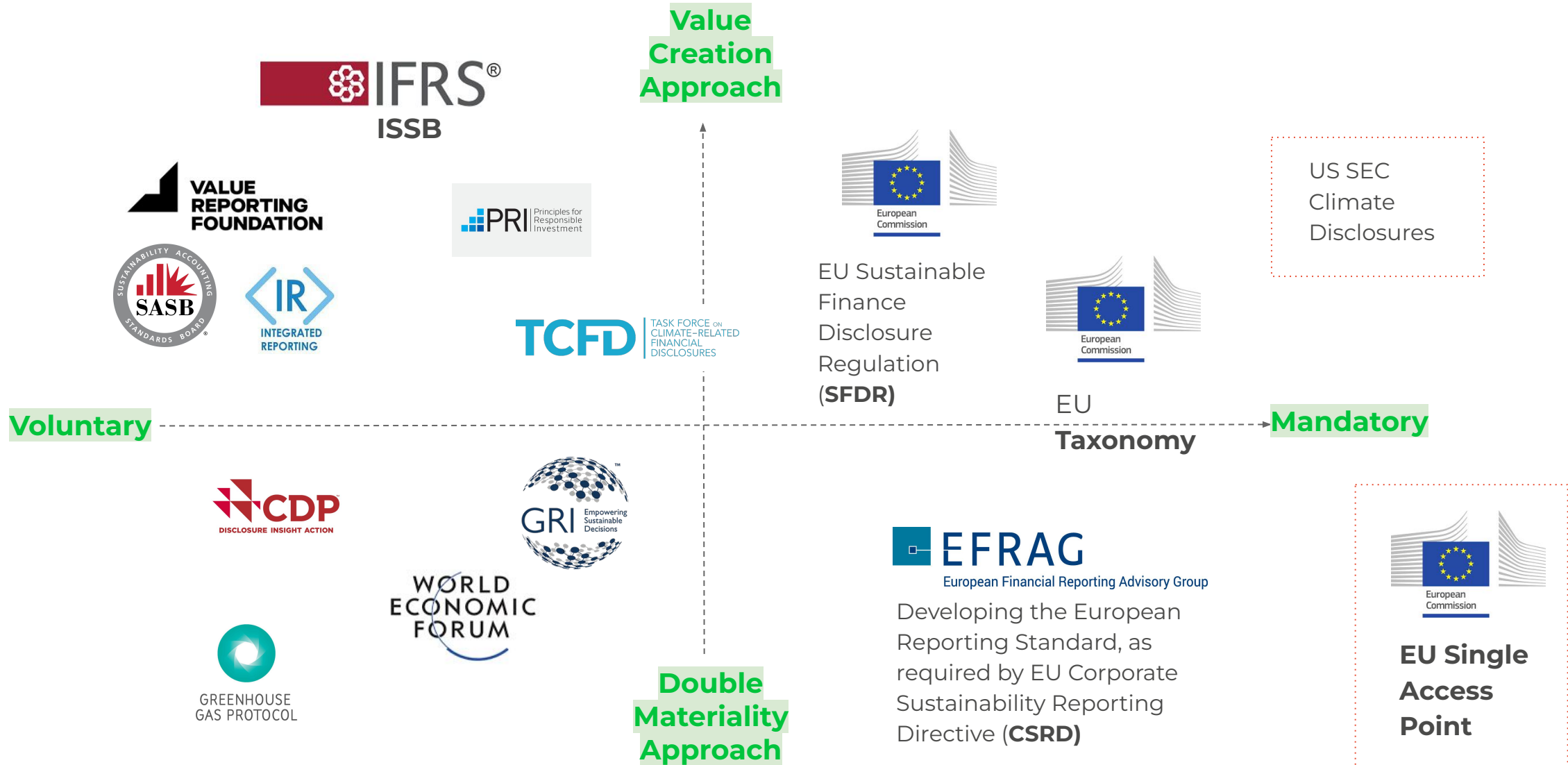
Similar expectations for companies:

Implement due diligence systems regarding key CSR related risks in operations & supply chain

Scale up entire supply chain due diligence through Ecovadis solution for identifying red flags in supply chain & focus attention

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A rapidly evolving landscape



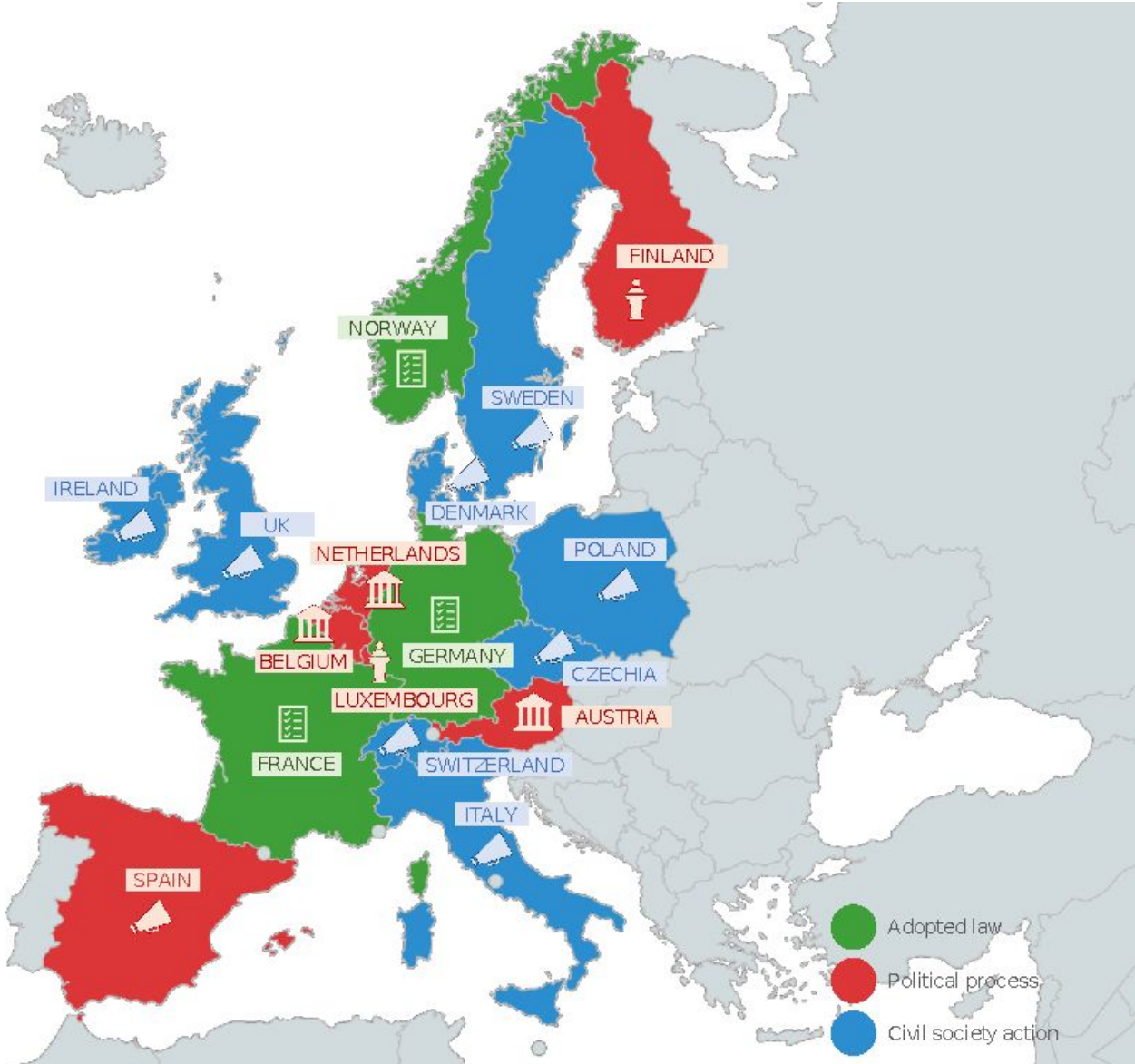
THE INCENTIVES FOR SUSTAINABILITY



CORPORATE ESG DUE DILIGENCE/TRANSPARENCY IN THE EU



- FRANCE Law on the duty of vigilance of parent and outsourcing companies
- GERMANY Law on the corporate duty of care in supply chains
- NETHERLANDS Law on child labour due diligence
- NORWAY Law on business transparency and human rights and decent working conditions
- AUSTRIA Parliamentary proposal for a supply chain law
- BELGIUM Parliamentary proposal on the corporate duty of vigilance and care in value chains
- FINLAND Government commitment to due diligence legislation
- LUXEMBOURG Government commitment to due diligence legislation
- NETHERLANDS Government commitment to due diligence legislation
Parliamentary proposal on responsible and sustainable international business conduct
- SPAIN Government's Annual Regulatory Plan includes a legislative initiative on due diligence



CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE PROPOSAL

On February 23 of 2022, the European Commission published the Directive Proposal on Corporate Responsibility Due Diligence.

Subjective scope

Companies established in the **EU**:

- with more than 500 employees (including part-time employees and temporary agent workers) and a net worldwide turnover of more than EUR 150 million
- with more than 250 employees and a net worldwide turnover of more than EUR 40 million, provided that at least 50% of this net turnover was generated in one or more high-risk sectors identified by the proposal (e.g. textile, agriculture, extraction of minerals)

Companies established **outside of the EU** (net turnover > EUR 150 million in the Union; net turnover < 150 million but at least 50% generated in high-risk sectors)

CORPORATE RESPONSIBILITY DUE DILIGENCE DIRECTIVE PROPOSAL

Obligations:

- Carry out a due diligence on potential and actual adverse impacts on human rights and the environment (according to international standards), referring to:
 - operations of the company
 - operations of the company's subsidiaries
 - the value chain operations carried out by entities with whom the company has an **established business relationship**
 - Activities related to the production of a good or the provision of services – downstream and upstream

CORPORATE RESPONSIBILITY DUE DILIGENCE DIRECTIVE PROPOSAL

Obligations:

- Identification and prevention of the actual or potential adverse impacts on environmental and human rights
- Implementation of a **prevention action plan**
- Integration of due diligence in **corporate policies**
- Integration of sustainability (environmental and social factors) in the **contractual clauses** with suppliers (SMEs included) + **independent audit**
- Adoption of remedial **measures**, like the temporary suspension or the termination of the business relationship aimed at preventing and mitigating the potential adverse impacts

CORPORATE RESPONSIBILITY DUE DILIGENCE DIRECTIVE PROPOSAL

- **Internal complaints procedure** to deal with: persons who are affected or have reasonable grounds to believe that they might be negatively affected; trade unions and other workers' representatives; civil society organizations

The Company:

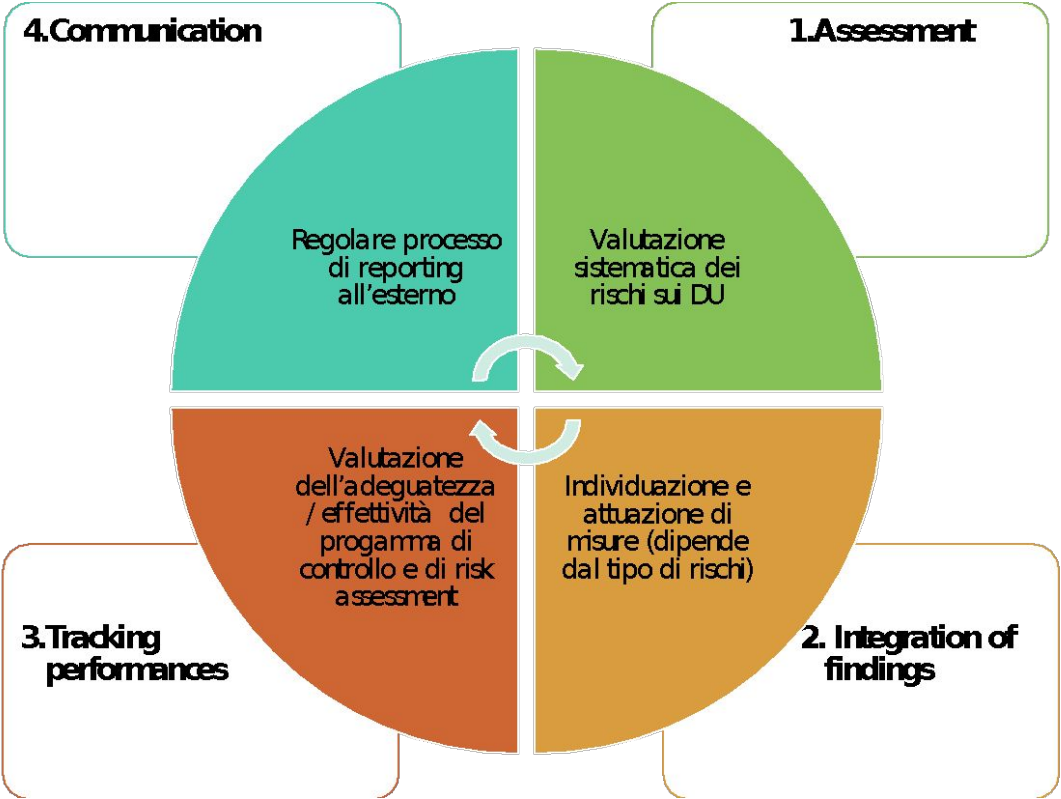
- Must follow up on the complaints
 - Carry out a stakeholder engagement
- **Controls and sanctions** in case of noncompliance (investigations, interim measures, pecuniary sanctions)
 - **Civil liability** in order to facilitate the access to remedy measure for the victims
 - There is no civil liability when the preventive measures were adequate



CORPORATE RESPONSIBILITY DUE DILIGENCE DIRECTIVE PROPOSAL

- Measures to fight **climate change**:
 - Companies must adopt a **plan** to ensure that their business model and strategy is in line with the Paris Agreement and to facilitate the green transition
 - Companies must include in the plan emissions reduction objectives
 - They should link the directors' variable remuneration to their contribution to the company business strategy and the long-term interests and sustainability of the company.
- **Directors' duties**: they should act in the best interest of the company in order to take into account the consequences of their decisions for sustainability and their accountability for the negative impact on **environment, human rights and climate change**

THE HUMAN RIGHTS DUE DILIGENCE IN THE UN GUIDING PRINCIPLES



RP Legal &
Tax