

Topic: Corporate Sustainability Due Diligence

Brief description and main aims:

In February 2022, the European Commission adopted its proposal for a **Directive on Corporate Sustainability Due Diligence** (CSDD) which aims to foster sustainable and responsible corporate behaviour throughout global value chains. Under the new rules, companies will have to identify, prevent, or put an end to potential or actual negative human rights and environmental impacts resulting from their activities.

The new due diligence rules will apply to certain company's own operations, their subsidiaries in the sense of a 'controlled undertaking' as well as to direct and indirect "established business relationships" in their value chains. Only companies that meet defined thresholds will come directly under the scope of the due diligence rules. SMEs therefore do not directly fall within the Directive's scope.

Why FIEC is dealing with this topic:

FIEC deals with this issue together with European International Contractors (EIC). Contractors across Europe are still sensing the repercussions of the Covid-19 pandemic and are now confronted with the impact of a war in Ukraine on their supply chains. Therefore, there is a need to ensure that the ruleset for CSDD is manageable and does not lead to additional cost burden for European businesses.

As such, while FIEC and EIC support the introduction of a harmonized EU legal framework for CSDD, they call upon the EU legislator to limit corporate responsibility to companies' own operations and direct business partners. Furthermore, the corresponding obligations must provide a level playing field between EU and non-EU construction companies whilst avoiding disproportional obligations for SMEs.

Actions and key dates:

23/02/2022 – European Commission published proposal for EU Directive CSDD

08/07/2022 – FIEC-EIC [position paper](#) on EU Directive CSDD

26/09/2022 – FIEC-EIC joint amendments on EU Directive CSDD