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By PwC Deutschland | 24 May 2024

Corporate sustainability due diligence: Council gives its final approval

The Council has today formally adopted the corporate sustainability due diligence directive. This is the last step in the decision-making procedure.

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The directive adopted today introduces obligations for large companies regarding adverse impacts of their activities on human rights and environmental protection. It also lays down the liabilities linked to these obligations. The rules concern not only the companies' operations, but also the activities of their subsidiaries, and those of their business partners along the companies' chain of activities.

Scope, activities, and civil liability

The directive will affect companies of more than 1 000 employees with a turnover of more than €450 million, and their activities ranging from the upstream production of goods or the provision of services, to the downstream distribution, transport, or storage of products. Companies affected by the legislation adopted today will have to take and implement a risk-based system to monitor, prevent or remedy human rights or environmental damages identified by the directive.

Companies affected by the directive will also have to adopt and put into effect a climate transition plan in line with the Paris agreement on climate change.

Next steps

Following the Council's approval today of the European Parliament's position, the legislative act has been adopted.

After being signed by the President of the European Parliament and the President of the Council, the directive will be published in the Official Journal of the European Union and will enter into force on the twentieth day following its publication.

Member states will have two years to implement the regulations and administrative procedures to comply wit**h this legal text.**

Reference: Council of the EU, **Press release of 24 May 2024**.

Keywords

Corporate Sustainability Reporting Directive (CSRD), Sustainable Finance (SF)