

Due Diligence proposal published - Ceemet holds strong reservations

On 23 February 2022, the Commission published its proposal for a Directive on Corporate Sustainability Due Diligence which aims at making business accountable for human rights and environment along the entire value and supply chain. Representing Europe's employers from the tech and industry sector, Ceemet has strong reservations on the proposal.

Brussels, 24 February 2022 – The proposal on due diligence and corporate accountability will oblige Member States to adopt or adapt their own corporate Due Diligence law. As EU based companies already comply with existing legislation laying down the rules on Corporate Social Responsibility, human rights and good governance, Ceemet sees no need to propose additional legislation that would be an extra burden for companies.

First and foremost, Ceemet acknowledges that companies have a responsibility to take social, environmental and human right issues into account in addition to their economic and financial performance. European companies do take up this responsibility and monitor their supply chains' adherence to human rights and environmental protection within their abilities.

Lack of clear definitions and steep increase of administrative burden

A first reading of the proposal leaves questions unanswered. After postponing the Directive several times, we expected a proposal that gives clear answers and does not raise many questions. The vague concepts and little concrete definitions leave room for interpretation. In a context where certainty is the basis of everything, this is not an ideal situation. Indeed, companies depend on clear rules and legal certainty in order to be able to properly function.

Furthermore, the annex of the Commission's proposal lists not less than 22 human rights and fundamental freedoms conventions and 11 environmental conventions. Companies falling under the scope of the Directive will have to ensure compliance with all these 33 conventions for all companies worldwide that they have a direct or indirect business relationship with. This "mission impossible" will significantly increase the administrative burden for companies which will also have a big impact on the costs.

Scope lies on big(ger) companies

It is somewhat encouraging for Ceemet to see that its calls to exclude SMEs from the scope of the Directive has been heard by the Commission. SMEs will however still be indirectly affected by the rules. Unfortunately, the Commission does not propose a real solution to this dilemma. Where the proposal creates challenges for bigger companies to fulfil additional obligations, smaller companies -that often have fewer resources- would still have to shift a lot of their time and resources to carry out due diligence.

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About Ceemet

Ceemet represents the metal, engineering and technology-based industry employers in Europe, covering sectors such as metal goods, mechanical engineering, electronics, ICT, vehicle and transport manufacturing.

Member organisations represent 200,000 companies in Europe, providing over 17 million direct and 35 million indirect jobs.

Ceemet is a recognised European social partner at the industrial sector level, promoting global competitiveness for European industry through consultation and social dialogue.