

Corporate Due Diligence European Parliament vote: Chambers call for simplicity and proportionality.

Reacting to today's European Parliament Legal Affairs Committee's vote on Corporate Due Diligence and Corporate Accountability, EUROCHAMBRES has underlined the need for an approach that avoids giving rise to undue burdens, red tape, high compliance costs, or contractual disadvantages. Chambers call on the European Commission to table a legislative proposal based on streamlined requirements and, above all, simplicity and proportionality, especially when it comes to activities with little or no environmental and social risks.

European SMEs are committed to facilitating responsible supply chains and business conduct and Chambers are convinced that this can be ensured without imposing disproportionate burdens that would undermine the recovery process. The decision by the Legal Affairs Committee not to propose mandatory due diligence requirements on all SMEs is therefore welcomed, but the report as a whole still raises concerns from a business perspective. The President of EUROCHAMBRES, Christoph Leitl, stated: *"Mandatory due diligence requirements imposed on all SMEs would have resulted in severe disruptions in value chains at the EU and global levels, and disproportionately high costs."* He continued: *"The mechanisms to be put in place by Member States must be based on sector-specific, risk-based approaches in a way that do not put European companies at a competitive disadvantage"*.

The focus should be more on effective government support measures for SMEs, EU guidance based on internationally recognised standards enshrined in the OECD guidelines for responsible business conduct and the UN guidance on business and human rights, as well as incentives instead of penalties.

EUROCHAMBRES is ready to support the European Commission in putting forward a proposal on due diligence that is clear, proportionate and SME-friendly.

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