

Due diligence: Retailers and wholesalers highlight need for further improvements during trilogues

Today, the European Parliament adopted its position on the Corporate Sustainability Due Diligence Directive. Commenting on the outcome of the vote, EuroCommerce Director-General, Christel Delberghe, said:

“Retailers and Wholesalers support the objective of the Commission’s proposal and we now welcome the Parliament’s adoption of its own position on due diligence. The Parliament has already improved the proposal in many respects, and we were pleased to note that several of the concerns and recommendations highlighted by stakeholders were taken into account. Concerning the upcoming trilogues, we urge the co-legislators to further improve the text to ensure the end goal of delivering a practical, harmonised, and realistic EU Due Diligence Directive.”

Retailers and wholesalers are fully engaged and are committed to supporting due diligence throughout our supply chains. Indeed, many of our members have already adopted actions and initiatives on due diligence with the aim of protecting human rights and the environment throughout the EU. Therefore, we now seek legislation that provides guidance and legal certainty to businesses.

EuroCommerce calls for a workable EU due diligence legislation that creates an EU-level playing field and helps streamline related reporting requirements. The legislation needs to acknowledge that due diligence is a dynamic process by adopting an educative and cooperative approach, encouraging learning and best practice sharing. Importantly, policy on due diligence should be shaped in a practical and supportive way that reflects businesses’ day-to-day operational challenges, their complexities and the international standards they already abide by.

We ask the co-legislators to take the following points into account during the next steps of the legislative process:

- The impact of the legislation for small and medium-sized enterprises needs to be carefully considered as these represent the majority of companies in the retail and wholesale sector. They lack the resources that larger businesses have with which to make thorough risk assessments and to put into practice due diligence. In line with the OECD Guidelines, the Directive should take into account the size of companies and apply proportionality, given that they will be administratively more burdensome and cost-intensive for smaller companies.
- We call for full harmonisation to ensure a level playing field and avoid further internal market fragmentation and disruption.
- Further alignment of the Directive is needed, incorporating a risk-based approach, to enable companies to prioritise the identification of the most salient risks and to pinpoint the action needed to address these, as an essential part of due diligence.

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***EuroCommerce** is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries and 5 million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.*

- We call for acknowledgement of the possibility to organise due diligence at a group level, including groups of companies that do not have a classic corporate structure and that may consist of parent companies and subsidiaries.
- Clear and timely guidance and guidelines are needed to support both companies and competent authorities.

EuroCommerce is also a signatory of a recent joint businesses statement on the Corporate Sustainability Due Diligence Directive.

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