

Position Paper: Study on Due Diligence Requirements along Supply Chains.

The European Commission Directorate-General for Justice released the long-awaited study on supply chain due diligence requirements. This study shows support for EU-level legislation on human rights and environmental due diligence throughout the supply chain.

amfori welcomes the study published by the Directorate-General for Justice of the European Commission (DG JUST) on 24 February, which shows broad support for EU-level legislation on human rights and environmental due diligence throughout the supply chain.

Supporting our members in their journey towards advancing supply chain due diligence is part of amfori's DNA. We provide our members with a comprehensive range of services to enable them to drive social (amfori BSCI) and environmental (amfori BEPI) improvements in their supply chain and to trade with purpose. As a result, for the last 20 years, our member companies have significantly shaped the principle of voluntary self-commitment.

However, to achieve systemic change, we need the level-playing field that comes with legislation. This is a clear conclusion from the DG JUST study. Businesses want predictability, legal certainty and harmonisation when it comes to due diligence.

At amfori, we believe that an EU-harmonised approach on Human Rights Due Diligence would ensure clarity and create much-needed leverage along the supply chain.

Global supply chains are complex. The DG JUST study highlights that businesses struggle with mapping their supply chains beyond the first tier.

To encourage sustainability improvement along the supply chain, a pragmatic approach is therefore needed from both businesses and EU policy makers.

It is indeed important to remember that due diligence is a journey. Due diligence needs to be conducted on a premise of continuous improvement. If a business finds issues and shortcomings in their supply chain, it is not automatically a bad sign. It shows they are doing their due diligence thoroughly. They must then work with the supplier to resolve any issues. The important thing is to avoid creating a situation where companies take a cut and run approach and simply disengage when they find problems in their supply chains.

Because companies are at different maturity levels when it comes to their experience with conducting due diligence, businesses will need time to adjust. If we are serious about building more resilient supply chains, it is important to foresee clear transitional periods and create a situation where businesses work towards continuous improvement in their supply chains.

International frameworks like the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles describe due diligence as an ongoing process, which needs to be proportionate to the company's size/leverage in the supply chain and commensurate to the nature of the impact. It is encouraging to see that the study looks at those normative frameworks as the reference point of any EU-wide due diligence approach. We, at amfori, are very supportive of this.

We are now looking to the EU to take the lead in designing a smart framework to enhance responsible business conduct. However, we are not simply observers. amfori will continue engaging with EU policy makers, NGOs, governments and

local communities, to make the Sustainable Development Goals a reality for our society.

**For more information please visit our website
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