



Corporate sustainability law in the European Union

January 2024

The Treaty on European Union (Lisbon Treaty)

Article 3
(ex Article 2 TEU)

1. The Union's aim is to promote peace, its values and the well-being of its peoples.
2. The Union shall offer its citizens an area of freedom, security and justice without internal frontiers, in which the free movement of persons is ensured in conjunction with appropriate measures with respect to external border controls, asylum, immigration and the prevention and combating of crime.
3. The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance.

It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child.

It shall promote economic, social and territorial cohesion, and solidarity among Member States.

It shall respect its rich cultural and linguistic diversity, and shall ensure that Europe's cultural heritage is safeguarded and enhanced.

What is it

“The responsibility of enterprises for their impacts on society. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility.”

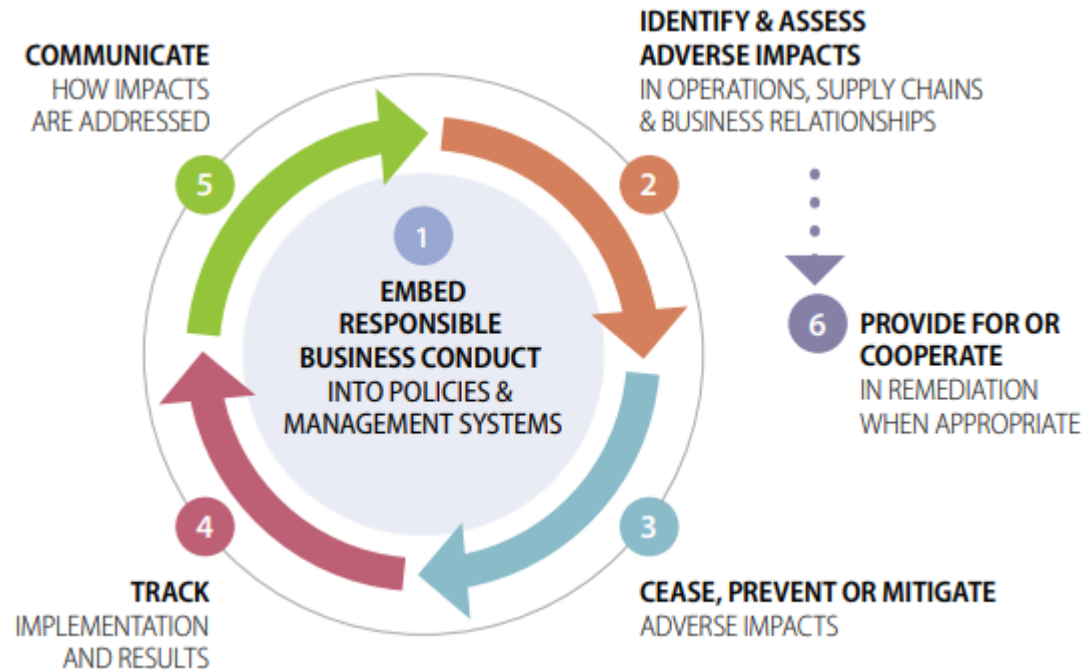
Source: European Commission: A renewed EU strategy 2011-14 for Corporate Social Responsibility.

How to do it

”To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large; identifying, preventing and mitigating their possible adverse impacts.”

Source: European Commission: A renewed EU strategy 2011-14 for Corporate Social Responsibility.

Due diligence process



- Six step process model developed by the UN/OECD
- Often at the foundation of corporate responsibility legislation

Source: OECD Guidance on Due Diligence for Responsible Business Conduct

Why – political context



A EUROPEAN GREEN DEAL

Striving to be the first climate-neutral continent

AN ECONOMY THAT WORKS FOR THE PEOPLE

Working for social fairness and prosperity

A EUROPE FIT FOR THE DIGITAL AGE

Grasping the opportunities from the digital age within safe and ethical boundaries

PROMOTING OUR EUROPEAN WAY OF LIFE

Building a Union of equality and diversity, standing up for justice and values

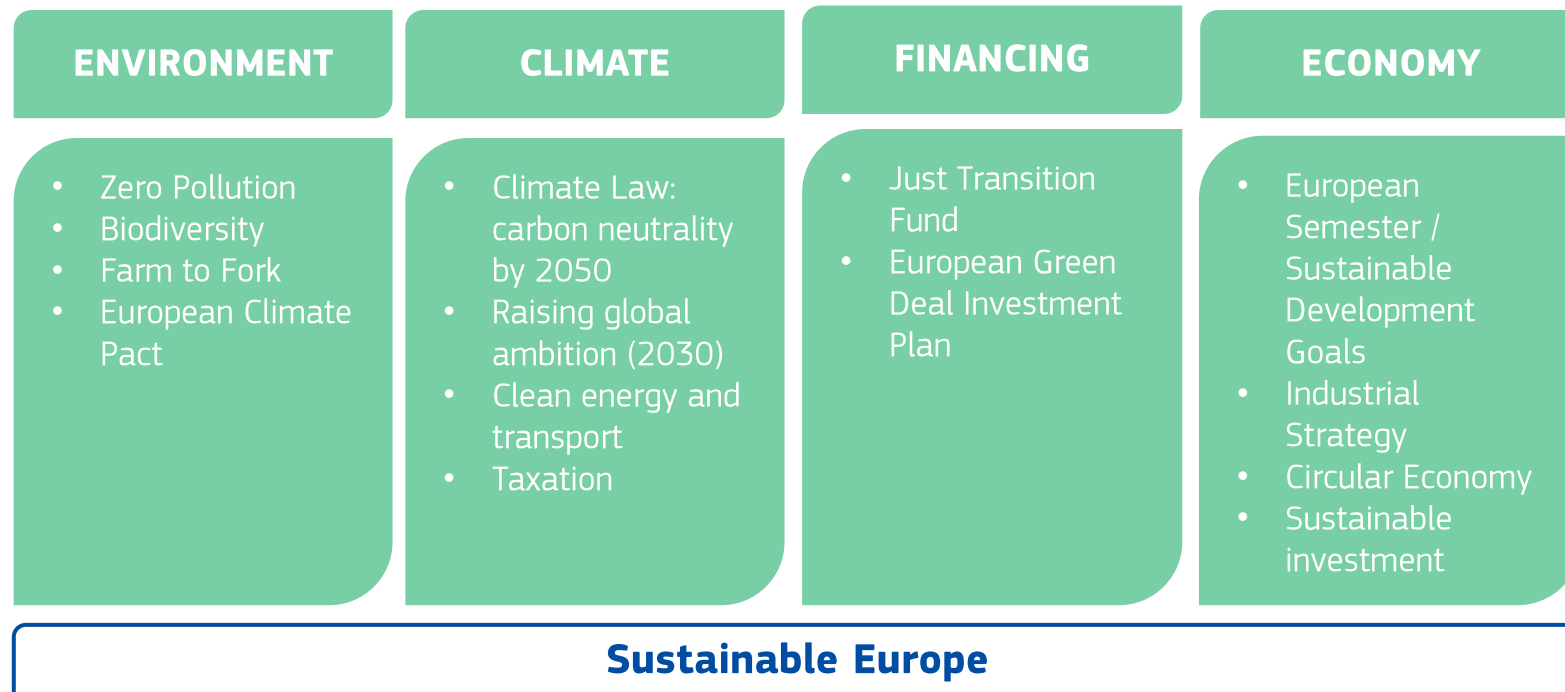
A STRONGER EUROPE IN THE WORLD

Strengthening our unique brand of responsible global leadership

A NEW PUSH FOR EUROPEAN DEMOCRACY

Nurturing, protecting and strengthening our democracy

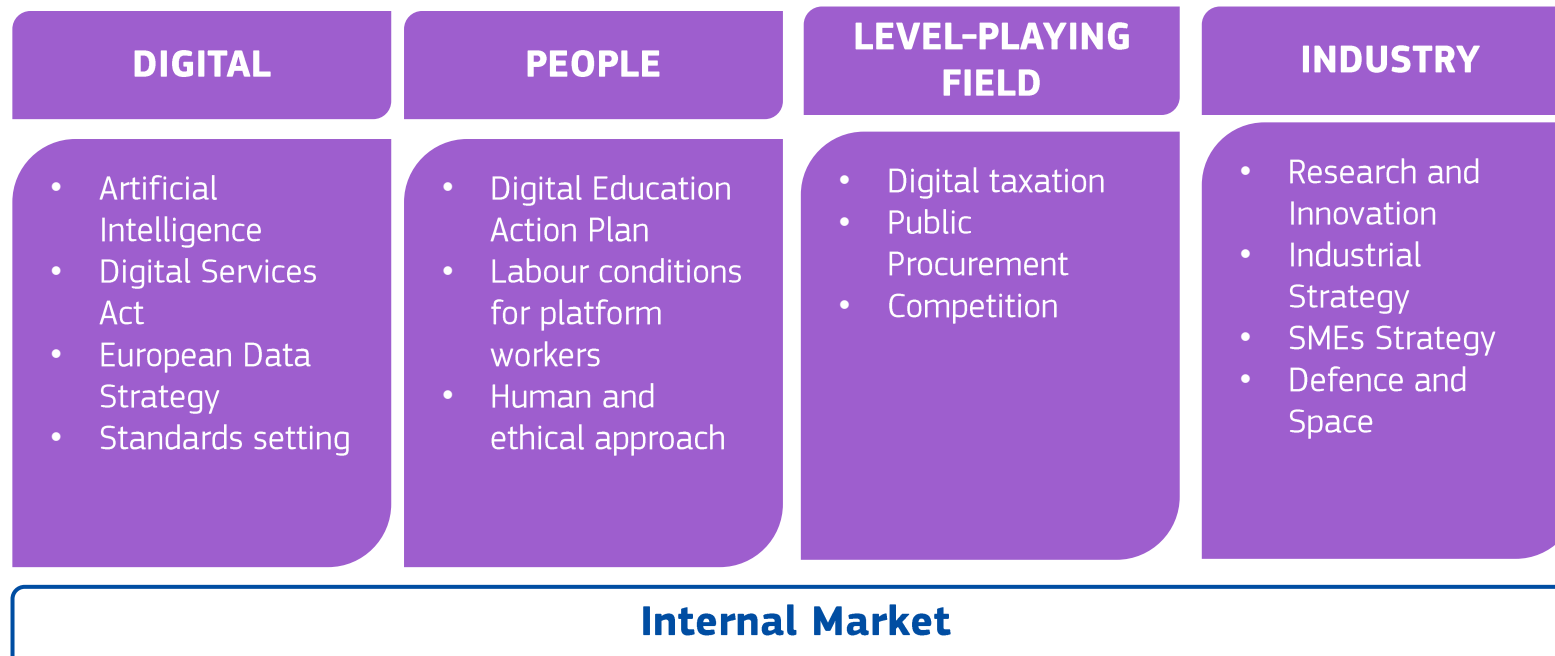
1. European Green Deal



2. An Economy that works for people



3. A Europe fit for the Digital Age



The EU is responsible for several pieces of corporate sustainability regulation



Recent key initiatives

Batteries regulation (2023/1542)

- Obligation to identify, prevent and address social and environmental risks linked to the sourcing, processing and trading of raw materials such as lithium, cobalt, nickel and natural graphite contained in their batteries

Corporate sustainability due diligence directive (2022/0051)

- Large companies will be required to identify and, where necessary, prevent, end or mitigate adverse impacts of their activities on human rights and on the environment.

Corporate sustainability reporting directive (2022/2464)

- EU rules require large companies and listed companies to publish regular reports on the social and environmental risks they face, and on how their activities impact people and the environment.

Deforestation regulation (2023/1115)

- EU rules to guarantee that the products EU citizens consume do not contribute to deforestation or forest degradation worldwide. The new rules build on the existing due diligence framework.



Questions, comments?

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