



Upcoming Due Diligence Regulations

Meo Carbon Solutions is an independent consulting company with long working history in sustainability



Carbon markets & neutrality strategy

Carbon footprint improvement

Sustainable development solutions

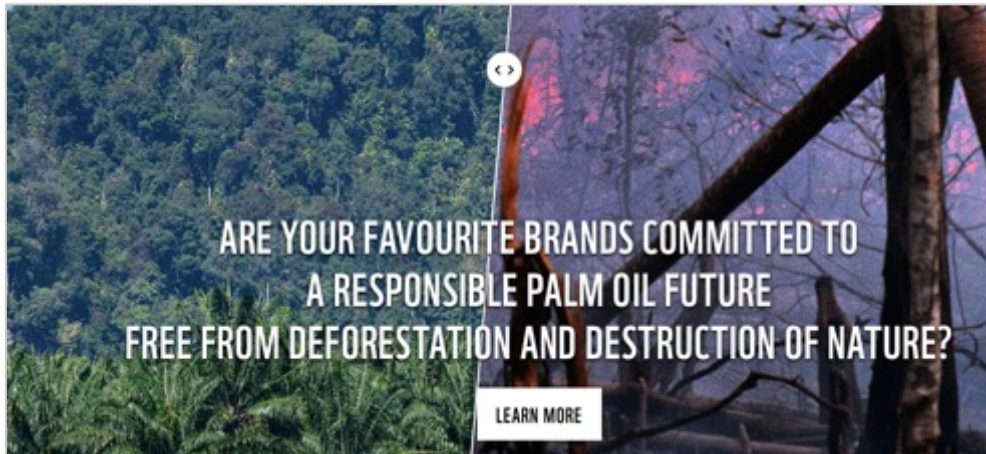
Supply chain due diligence

Pressure grows for companies to raise their Human Rights and Environmental Due Diligence efforts

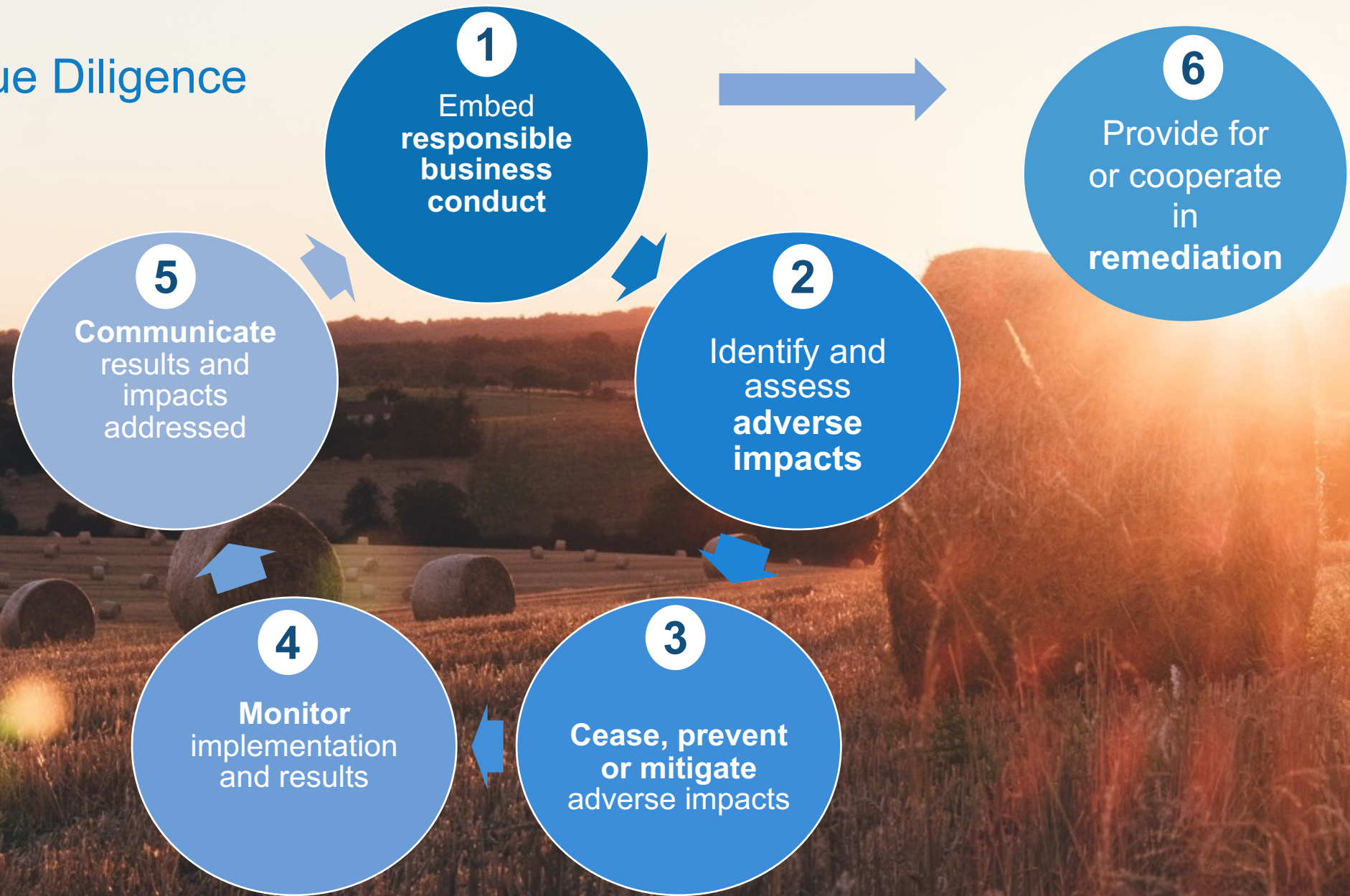


Briefing
August 2014

Workers' conditions in the textile and clothing sector: just an Asian affair?
Issues at stake after the Rana Plaza tragedy



Corporate Due Diligence



Source: Adapted from UN Guiding Principles for Business & Human Rights and OECD (2018) Guidelines for multinational Enterprises

Corporate due diligence is required by an increasing number of regulations

Examples from Europe	Scope		Common requirements			
			Risk assessment	Mitigation, prevention	Monitoring	Reporting
	Social	Environment				
The UK Modern Slavery Act	✓		✓	✓		✓
French Corporate Duty of Vigilance Law	✓	✓	✓	✓	✓	✓
Dutch Child Labor Due Diligence Act	✓		✓			✓
German Supply Chain Act	✓		✓	✓	✓	✓
EU Regulation on Deforestation-free products*	✓	✓	✓		✓	✓
EU Directive on Corporate Sustainability Due Diligence*	✓	✓	✓	✓	✓	✓
* Proposals						
EU Taxonomy Regulation		✓	✓	✓	✓	✓

German Supply Chain Law

in force from January 2023

Scope:

- Companies based in Germany + > 3000 employees
- 2024: companies with >1000 employees

Applies to:

- Own business area
- Direct suppliers
- In case of substantiated knowledge -> indirect suppliers

Main obligations:

- Risk management and analysis system
- Policy statement
- Preventive measures
- Remedial actions
- Compliant procedure
- Documenting and reporting

EU Directive for Corporate Sustainability Due Diligence

Draft from 23rd of February 2023

Scope	
EU companies	Non-EU companies
<ul style="list-style-type: none">• More than 500 employees + net worldwide turnover > €150 million• 2 years later: More than 250 employees + net worldwide turnover > €40 million	<ul style="list-style-type: none">• Net turnover in the Union > €150 million• 2 years later: Net turnover in the Union > €40 million

Applies to:

- Own operations
- Operations of subsidiaries
- In case of established business relationships -> all value chain operations

Main obligations:

- Integrating due diligence into policies
- Identifying actual and potential adverse impacts
- Preventing, mitigating, ending, and minimizing the impacts
- Complaints procedure
- Monitoring
- Communicating

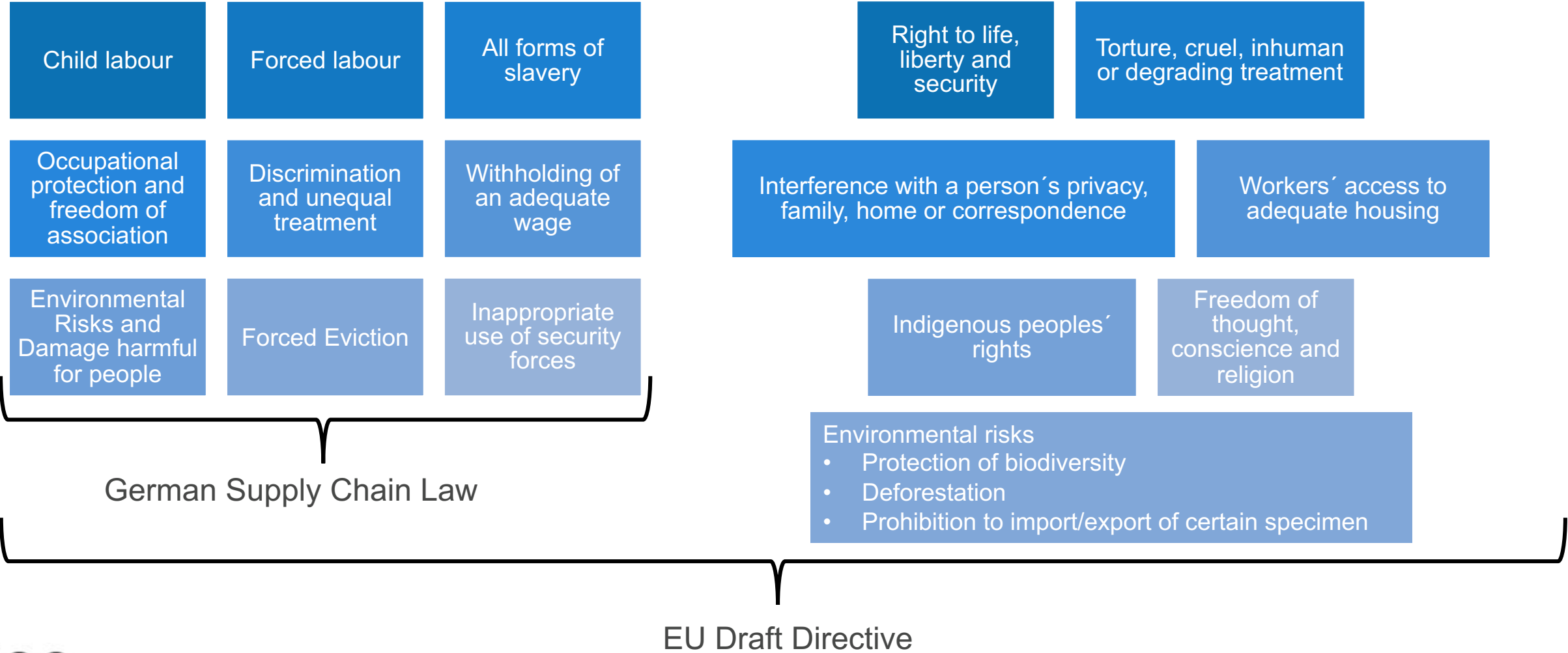
EU Directive for Corporate Sustainability Due Diligence

Draft from 23rd of February 2023

What is next?

- Review and approval by EU Parliament and Council
- 2 years after the proposal has been approved EU members states have to transpose the Directive into national law

EU Draft Directive goes beyond German Supply Chain Act mentioning additional human right risks



EU Regulation on Deforestation free-products

Draft of 17th November 2021

Scope:

Companies placing and making available on the European Union market, as well as exporting from the EU market, the following commodities: **cattle, cocoa, soya, oil palm, coffee, wood** ... and some of their derived products – for example leather, chocolate or furniture

Definitions:

- “deforestation-free” = produced on land that has not been subject to deforestation after **December 31,2020**

Main obligations:

- Due diligence statement
- Collection of information and documents
- Risk assessment and risk mitigation

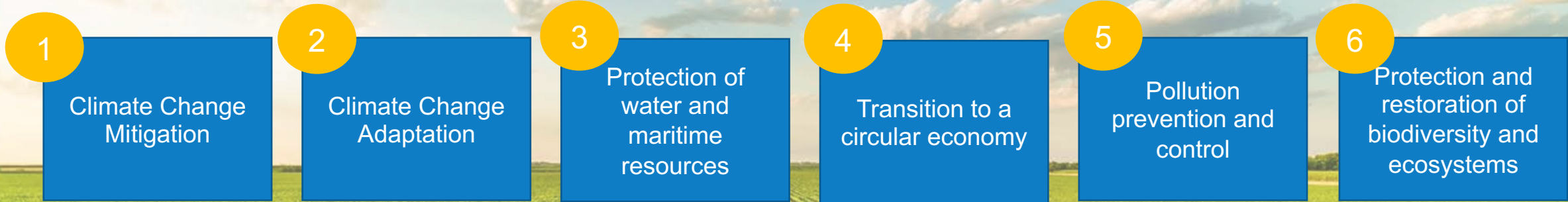
EU Regulation on Deforestation free-products

Draft of 17th November 2021

What is next?

- Approval by EU Parliament and Council
- Expected to be in force in 2-3 years

EU Taxonomy Regulation



Scope:

- Financial market participants
- Companies with more than 500 employees
- EU and Member States: when setting public measures, standards or labels for green financial products

3 Main assessments for an activity to be considered sustainable:

- **Substantially contribute** to at least one of the six objectives
- **Do no significant harm** to any of the other five environmental objectives
- Comply with **minimum standards**

Let's create a sustainable future

Policy commitment

- Gap analysis to identify gaps towards meeting requirements of mandatory due diligence regulations
- Provide support to develop or revise corporate sustainability policies.

Risk assessment and analysis

- Verification of zero-deforestation commitments
- Detailed social risk assessment of sourcing areas



Prevention measures

- Support to achieve sustainability certification
- Managing and implementing tailored sustainability project to address specific risk

Grievance Mechanism

- Establishment and management of transparent and accessible grievance mechanism

