

CSDDD: A first step in the right direction but it could be easier

Economy for the Common Good fears patchwork of regulations and proposes merger of CSDDD and CSRD

Hamburg | The Economy for the Common Good (ECG) welcomes the EU Parliament's position on the Corporate Sustainability Due Diligence Directive (CSDD) published on June 1. In particular, the fact that the many attempts to water down the guideline have been successfully averted. Nevertheless, regulation could be simplified by merging the two "CS" directives CSRD and CSDDD, as ECG's "Common Good Balance" already provides for.

"A first step in the right direction"

Christian Felber, initiator of the Economy for the Common Good movement, welcomes the position of the EU Parliament: "The CSDDD is another milestone in the field of international responsibility of business", especially since, from the ECG's perspective, global economic freedoms and rights as well as corresponding duties and responsibilities must be two sides of the same coin. Significantly, Article 26 of the CSDD, of all things, fell victim to the parliamentary vote, which would have made management directly responsible for monitoring due diligence. All that remained was Article 25, which requires management to "take into account" risks related to human rights and environmental and climate protection. "This is significantly less than the enforceable obligation to monitor the relevant due diligence requirements. The fact that the Council also wants to delete Article 25 in its position shows how little the EU legislative bodies are willing to seriously hold international corporations to account," Felber said. ECG notes positively that the threshold of companies affected has been lowered to 250 employees and that the financial sector has not been excluded. "All in all, it's a first step in the right direction," Felber said. ECG is now campaigning for the trilogue between the EU Parliament, Council and Commission to produce a final text of the CSDD that is as ambitious as possible.

CSRD and CSDD could also be merged together

For the future, Felber fears a patchwork of too many, too extensive and not well coordinated new regulations such as, in addition to the two "CS" directives CSRD and CSDD, the taxonomy, the financial market disclosure regulation, the anti-greenwashing initiative and others. "It would also be easier," says Felber, "if corporate sustainability performance were just measured with one instrument and in a quantitatively comparable way for all stakeholders. Then all stakeholders - investors, public purchasers, economic developers and consumers - could be guided by this. The Common Good Balance sheet already provides this one stop solution, which would not only create transparency, but also the possibility of linking it with positive and negative incentives for e.g. particularly climate-friendly or -harmful companies. It would also be easy to integrate management's direct responsibility for protecting human rights," Felber concludes.

About the Economy for the Common Good

The Economy for the Common Good advocates a more ethical economic model, in which the wellbeing of people and the environment become the ultimate goal of business. The worldwide movement exists since 2010 and is based on the ideas of the Austrian writer Christian Felber. Currently the movement consists of over 11,000 supporters, more than 4,000 activists in more than 170 local chapters and 40 associations. Over 1.200 businesses, towns and organisations have completed the Common Good Balance Sheet. Worldwide nearly 60 municipalities and 200 universities are actively involved in spreading the idea of the Economy for the Common Good. On 29 Sep. 2018 the International Federation was founded and consists of 10 national associations.

Further Information: www.ecogood.org

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