

Working with the European Commission on sustainable corporate governance

26 February 2021

A team led by Christelle Coslin, Liam Naidoo, Julia Marlow and Kevin O'Connor has submitted a response to a European Commission consultation on their sustainable corporate governance initiative. You can read the response in full [here](#).

The consultation considers a proposal for a mandatory duty for all companies operating in the EU to conduct human rights and environmental due diligence. The response comes off the back of a roundtable we hosted at the end of January as well as individual interviews, where the team canvassed the views of key clients of the firm on the proposed due diligence duty.

Senior executives from a number of major clients contributed their views, spanning sectors including: automotive, chemical production, construction, finance, manufacturing, pharmaceuticals, private equity, and technology. The response to the consultation ensures our clients' views are being heard in the development of an important new EU legislative initiative, and could help shape its future direction.

As expressed in the response, companies we surveyed broadly support the development of an EU legal framework for supply chain due diligence. However, they cautioned the need for a balanced, risk-based approach and called for any new requirements to be developed with due regard paid to companies' existing obligations to undertake due diligence in other areas.

It is highly likely that the outcome of this consultation will be the European Commission proposing new EU legislation in this area. That would certainly reflect public comments made by the European Commissioner for Justice, as well as the terms of the consultation itself. It will therefore be important for companies operating in the EU to keep a close eye on developments. If this EU initiative is of interest to your company, please reach out to Christelle, Liam, Julia or Kevin.

Hogan Lovells will continue to provide updates as the initiative progresses.

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