



Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA

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Lord Callanan
Minister for Business, Energy and Corporate Responsibility
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET

31 May 2022

Dear Lord Callanan,

EU proposed Directive on corporate sustainability due diligence

Thank you for your letters of 5 April and 23 May responding to my letter of 25 March 2022 which requested further information on a European Commission proposal for a Directive on Corporate Sustainability Due Diligence and its implications for UK businesses.

You make clear that the Government does not intend to introduce a similar cross-cutting due diligence law in the UK on the environmental and human rights impacts of companies' operations and that you will continue to support voluntary or standards-based due diligence approaches which are not legally binding. You also recognise, however, that UK businesses operating in, or exporting goods or services to, the EU are likely to be affected by the proposed Directive—which would establish mandatory due diligence requirements—if it were to become EU law. Your priority therefore is to ensure that any Directive finally agreed by the EU does not result in disproportionate burdens, costs and liabilities for UK businesses. You say that you will monitor negotiations closely and “communicate our viewpoint as a major trading partner”.

I share your interest in negotiations on the proposed Directive. I would welcome a progress report once the Council and the European Parliament have each agreed their negotiating positions, as well as further details of how the UK has engaged with the EU institutions and other interested stakeholders to seek to influence the outcome. At that stage, it would be helpful if you could also update your assessment of the number of UK companies that may be affected (directly or indirectly) by the proposed Directive and your estimate of the annual costs of complying with the due diligence requirements it would introduce.

You say that “the EU has not sought the Government’s agreement to add the legislation to the relevant annex of the Northern Ireland Protocol”. My question was a little different, however. I asked whether the European Commission had indicated that it considers the proposal to be within the scope of the Protocol. I also asked for the Government’s view, based on its own assessment of proposed EU laws that may be within scope. I would welcome a response to both questions.

DARREN JONES MP
CHAIR, BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE

Cc. Northern Ireland Affairs Committee
House of Lords Protocol on Ireland/Northern Ireland Sub-Committee
Sir Oliver Heald
Hilary Benn
Lord Kinnoull