

## Position

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# SINGLE MARKET CLAUSE IN THE DIRECTIVE ON CORPORATE SUSTAINABILITY DUE DILIGENCE

On 23 February 2022, the European Commission published a legislative proposal for a Directive on Corporate Sustainability Due Diligence (CSDD), laying down obligations for companies to identify and, where necessary, prevent, end or mitigate adverse impacts of their activities on human rights and the environment.

FEDIL support the objectives of this Proposal. However FEDIL raised significant concerns in its [position paper drafted jointly with the Luxembourg Chamber of Commerce](#).

One of the main concerns is about feasibility of rules for EU companies. Feasibility can be ensured, among the others, through a harmonised EU legal framework when it comes to the Directive's transposition in the EU Member States legal systems. Harmonisation of rules could protect the EU internal market by ensuring the needed level playing field between companies based in the different EU countries. On the contrary, a patchwork of different legal regimes among the 27 EU Member States could severely damage the competitiveness of EU companies.

In this context, this short paper focuses on the so-called "Single Market Clause", which is a legislative technique aimed at protecting the EU Single Market by requesting EU Member States not to diverge excessively from the original text of the Directive when transposing it into their national laws.

For a small country like Luxembourg, it is essential that the main rules and obligations of the Directive are harmonised. Therefore, FEDIL urges the co-legislators to take these considerations into account when negotiating this legal instrument.

Please read FEDIL's paper on the "Single Market Clause" [HERE](#).