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# Sustainability Due Diligence

Professor Beate Sjøfjell, 8 December 2020



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# What is sustainability due diligence?

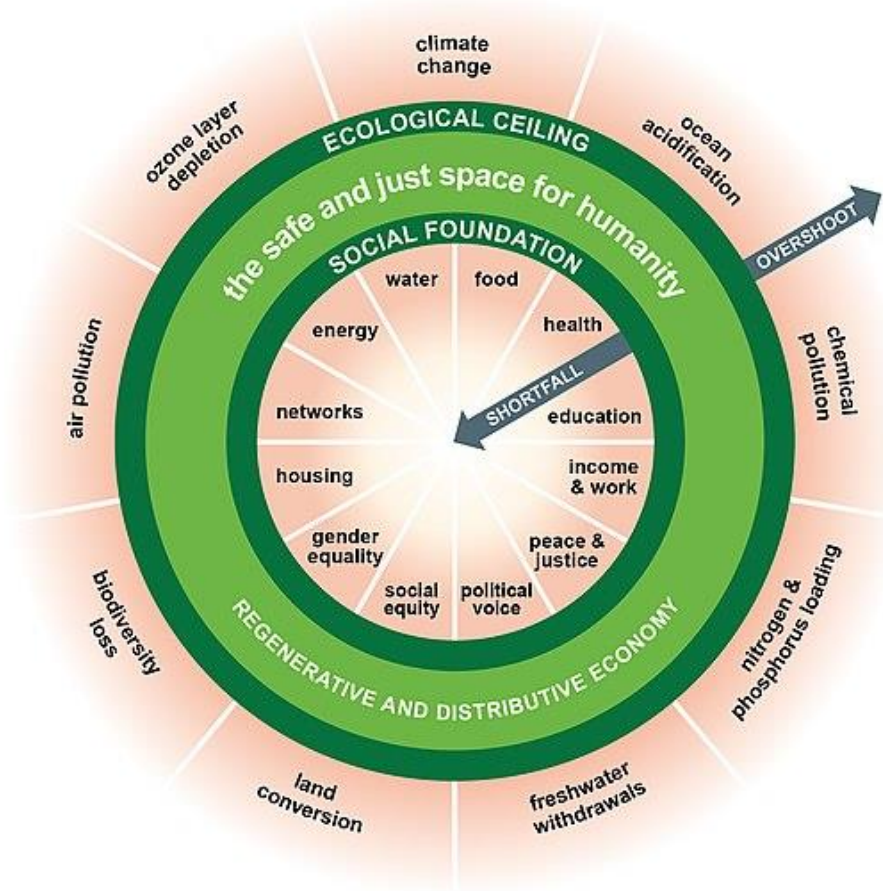
- [The UN Guiding Principles for Business and Human Rights](#) (2011)
- Integrated into [OECD Guidelines for Multinational Enterprises](#) in 2011
  - [OECD Guidance for Due Diligence](#) (2018)
- Integrated into [The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#) in 2017
- EU [Action Plan on sustainable finance](#), Action 10 (2018)
- EU Parliament call for [mandatory due diligence for supply chains](#) (2020)
- EU Commission [Sustainable Corporate Governance](#) (2020)
- Various Member States' initiatives

## Why is sustainability due diligence important?

- A crucial tool for the company & its board
  - To identify and mitigate financial risks of unsustainability
  - To begin the transition towards sustainable business
  - As a basis for meaningful reporting
- A crucial step towards a sustainable future

## How can sustainability due diligence be shaped to affect change?

- A duty for the company and for the board
- Encompass the *business* of the company
- An integrated sustainability approach
- A mandatory company law instrument
  - Verification
  - Enforcement
  - Liability
- No safe harbour, no box ticking...
- Possible defence – crucial for legal certainty



Source: Raworth 2017;  
Leach, Raworth &  
Rockström 2013

## Further reading

- L. Smith et al., [Study on due diligence requirements through the supply chain](#) (2020)
- L. Smith & C. Bright, [The concept of a ‘safe harbor’ and mandatory human rights due diligence](#) (2020)
- B. Sjøfjell, [Sustainable Value Creation Within Planetary Boundaries—Reforming Corporate Purpose and Duties of the Corporate Board](#) (2020)

# Sustainability due diligence is crucial to achieving change

Research Group **Companies, Markets &  
Sustainability**(the Company Law Group):

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