

Companies and NGOs' statement on Omnibus proposal

14 April 2025



The undersigned companies and civil society organisations in the cocoa and chocolate sector have consistently supported the principles behind the EU Corporate Sustainability Due Diligence Directive (CSDDD) which, we believe, represents an important step forward in driving the necessary transformation of the cocoa and chocolate sector and in making human rights and environmental due diligence the norm in global value chains. While the company signatories all have their own programmes addressing key human rights and environmental issues, voluntary efforts by themselves will not be sufficient; legislation that levels the playing field and makes due diligence the norm is needed.

We welcome the aim of simplifying reporting obligations under the CSDDD and the Corporate Sustainability Reporting Directive, but we believe that a number of the proposed amendments to the CSDDD included in the Omnibus proposal published by the European Commission on 26 February will in practice make companies' implementation of their obligations more difficult, and undermine some of the fundamental aims of the Directive.

Negative impacts arising from human rights violations and environmental damage pose a real threat to the supply chains for products on which our companies depend – primarily cocoa beans produced by smallholder farmers. The CSDDD as adopted has the potential to help companies in our sector, and their supply-chain partners, develop more secure and sustainable supply chains for the long term; some of the proposed amendments undermine this, and will not support the emergence of a level playing field for responsible business conduct.

Focus on direct suppliers is not risk-based

In particular, the limitation of a company's due diligence obligations to its direct business partners is not in line with international principles, as described in the UN Guiding Principles on Business and Human Rights (referred to several times in the CSDDD) and OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The risks of human rights violations and environmental harms occur upstream in the supply chain, in the activities of indirect business partners. Placing the focus of due diligence primarily on a company's own

operations and those of its direct business partners contradicts the risk-based approach described in these international principles, and will lead to significantly less ownership and cooperation along value chains, resulting in limited impacts. Companies in scope will still have the administrative burden of conducting due diligence without having a significant positive impact on their supply chains.

We recognise that the proposed amendments require a company to carry out an in-depth assessment of its indirect suppliers where it has ‘plausible information that suggests that adverse impacts at the level of the operations of an indirect business partner have arisen or may arise’ – but this significantly changes the due diligence obligation from a proactive to a reactive undertaking. To avoid these shortcomings, and maintain our companies’ ability to exercise due diligence, we believe that the CSDDD should be based firmly on a risk-based approach.

We also believe that the proposed restriction on the information that can be sought from companies with fewer than 500 employees is likely to undermine the risk-based approach. This restriction should be more carefully defined to allow companies to request information from such suppliers where this is necessary to conduct a proper risk analysis.

Responsible disengagement removed

The Omnibus proposal removes the obligation to terminate contracts with suppliers when there is no expectation that efforts to prevent or end actual or potential adverse impacts will succeed. We recognise that the obligation to suspend the business relationship remains available, but the requirement to consult with stakeholders before deciding on suspension has been removed. This is problematic because suspending a business relationship can have direct harmful impacts on stakeholders, and their input is crucial to understanding the potential consequences. In practice it will mean that companies will continue disengaging when they want, without being obliged to follow a responsible approach when doing so.

We believe that consultation with stakeholders, as defined in Article 3(n) and described in Article 13 of the CSDDD, should be reinstated, and that disengagement is regulated to prevent harmful ‘cut and run’ behaviour.

Weakened monitoring

The proposed amendment to extend the intervals in which companies need regularly to assess the adequacy and effectiveness of their due diligence measures from one year to five years risks critically undermining the impact of the CSDDD. The extent and nature of risks to human rights and the environment can change and emerge at speed, and for a risk-based approach to be effective companies need regularly to review and if necessary, adjust their due diligence systems. We suggest that this amendment should be dropped, and the one-year interval reinstated.

Blocking member states’ ambition

We recognise that member states have the power to develop national legislation going beyond the minimum requirements of the CSDDD, but the proposed amendments limit this

ability, in particular with regard to Articles 8, 10 and 11 of the CSDDD, which together set out the core due diligence obligations. While we do not welcome the emergence of a patchwork of different forms of national legislation across the EU, we do not want to see member states forbidden from passing legislation that restores the risk-based nature of the due diligence process.

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