



GOVAQUA Policy matrix – Part C Regulating value chains and sustainable water footprints

GOVAQUA Deliverable 2.1

Penttilä, O., Belinskij, A., Rouillard, J., Tarpey, J., Kampa, E., Díaz, E., Berbel, J., Junjan, V.



Co-funded by
the European Union



UK Research
and Innovation



GOVAQUA

Project information

Project title:	Governance innovations for a transition to sustainable and equitable water use in Europe
Project acronym:	GOVAQUA
Topic:	HORIZON-CL6-2022-GOVERNANCE-01-06
Type of action:	HORIZON-RIA
Starting date:	1 February 2023
Duration:	48 months

Deliverable information

Deliverable name: GOVAQUA policy matrix – Part C Regulating value chains and sustainable water footprints

Author(s): Penttilä, O., Belinskij, A., Rouillard, J., Tarpey, J., Kampa, E., Díaz, E., Berbel, J., Junjan, V.

Work package number: WP2

Deliverable number: 2.1

Due date: 31 March 2024

Actual submission date: 31 July 2024

Means of verification: Reporting

Acknowledgements

The authors would like to thank all GOVAQUA team members for their useful inputs during the preparation of the deliverable, and Suvi Sojamo and Esther Diaz-Cano for their insightful feedback to the draft deliverable.

Version log

Version	Date	Released by	Nature of change
1.0	31.07.2023	Eleftheria Kampa	Milestone background document
1.1	30.04.2024	Outi Penttilä	Ready for country information review
1.2	20.06.2024	Outi Penttilä	Draft deliverable submitted for internal review
	21.6.2024-28.6.2024	Suvi Sojamo, Esther Diaz-Cano	Review of the draft deliverable
1.3	29.07.2024	Outi Penttilä	Revisions made based on the internal reviewers' comments and suggestions.

Contents

Project information	2
Deliverable information	2
List of Abbreviations	4
Introduction	5
Research Objective	5
Methodology.....	5
Outline of the Report	6
Key characteristics of value chain regulation	6
International policy framing	6
EU policy framing.....	6
Institutional, regulatory and legal challenges	9
Characterising value chain systems	10
Legal, regulatory and policy framework on value chains on national level	11
Finland	11
General legal and regulatory framework.....	11
Value chain-specific legal and regulatory framework.....	12
France	12
General regulatory framework.....	12
Value chain-specific legal and regulatory framework.....	13
Romania	15
General legal and regulatory framework.....	15
Value-chain specific regulatory framework.....	16
Spain	17
General legal and regulatory framework.....	17
Value chain-specific regulatory framework.....	18
Sweden	19
General legal and regulatory framework.....	19
Value chain-specific legal and regulatory framework.....	20
United Kingdom.....	20
General legal and regulatory framework.....	20
Tort law-based legal and regulatory framework.....	21
Value chain-specific legal and regulatory framework.....	22
Conclusion	22

List of Abbreviations

Abbreviation	Explanation
AWS	Alliance for Water Stewardship
CSDDD	Directive on corporate sustainability due diligence
CSRD	Corporate Sustainability Reporting Directive
EC	European Commission
EDPR	Environmental Damage (Prevention and Remediation) Regulations (England)
EMAS	Eco-Management and Audit Scheme
EU	European Union
ISO	International Standards Organisation
NFI	Directive 2014/95/EU disclosure of non-financial and diversity information by certain large undertakings
NGO	Non-Governmental Organization
OECD	Organisation for Economic Cooperation and Development
SDG	Sustainable Development Goals
STWI	Sweden Textile Water Initiative
UN	United Nations
WEFW	Water, Energy, Food Waste nexus
WFD	Water Framework Directive

Introduction

Research Objective

This report focuses on the challenges and opportunities that relate to designing and implementing sustainable water governance in value chains. The report aims to contribute to the ongoing policy discussions on the role of sustainable water management in the context of corporations' value chains. Its specific objectives are:

- To provide insights into how value chain-related legal regulatory frameworks are designed and implemented in the European Union and in the six Living Lab countries of GOVAQUA;
- To discuss challenges with the design and implementation of value chain-related legal regulatory frameworks in Europe; and
- To identify opportunities for innovative solutions to implement sustainable water management through water-related value chains in Europe.

The focus of the analysis is on the six case studies forming the network of Living Labs of the EU project GOVAQUA, including five EU countries (Spain, France, Romania, Finland, Sweden) and the United Kingdom (UK). Although the UK is not part of the EU, water policy and management remains highly structured around the Water Framework Directive (WFD).

This report (Part C) is one of three parts composing Deliverable 2.1 of the GOVAQUA project. Part A focuses on water allocation and B addresses in more detail the legal and regulatory approaches in relation to ecological flows.

Methodology

The report produces a doctrinal legal analysis of European legislation on value chain-related legislative framework at the European Union and national levels. Based on literature (e.g. Puharinen *et al.*, 2021; Sojamo *et al.*, 2021), a national policy template with the following questions was drafted for the six Living Lab countries. Each country's domestic legal and regulatory framework was analysed in light of these questions:

- What is the national framework for regulating value chains? The respondent was asked to reflect the question both in light of the general statutory framework and in light of the sector-specific self-regulation schemes for corporate social responsibility as well as with regard to the ongoing discussions for adopting a legislative framework.
- If value chains are legislated nationally, does the legislation cover water management and quality issues (e.g. human right to water, environmental standards that are relevant to water)?
- If value chains are legislated nationally, what is the scope of the legislation (in other words, what is the range of companies to which it applies)?
- If value chains are legislated nationally, what is the adopted approach? (The duties relate to reporting; the duties are based on due diligence obligations; the legislation includes provisions on liability.)
- If value chains are regulated nationally, how is the enforcement regulated?
- If value chains are regulated nationally, has the regulation been applied in national courts?

The responses to the questionnaire were produced by national experts. Given their briefness, the responses were then complemented by an analysis of primary legal sources for each country, such as legal acts and decrees, the preparatory materials of those legal instruments, legal literature and possible relevant jurisprudence of national courts to enable a more comprehensive analysis.

Outline of the Report

This report is structured into three chapters. It starts by introducing the relevant EU-level discussions and the used terminology on the legal, regulatory and institutional framework for value chains. It then moves to a country-by-country analysis of the legal and regulatory framework, first analysing the general regulatory framework for corporations' due diligence obligations in each Living Lab country and then scrutinising the potential value chain-specific regulatory framework and its elements. Based on these descriptive chapters, the conclusions highlight key challenges in implementing water stewardship in value chain-relevant legal regulatory frameworks for sustainable water management in Europe, while also indicating avenues for further work on innovations and solutions that can facilitate future implementation of value chain related regulation and policies.

Key characteristics of value chain regulation

International policy framing

There is currently no comprehensive international treaty that would regulate value chains. Given the lack of binding instruments, voluntary, non-binding measures have been introduced. These include e.g. the UN Global Compact, which consists of ten principles that call companies to respect universal principles of human rights, labour, environment and anti-corruption to enhance the sustainability of their operation (UN, 2000). The OECD's Guidelines for Multinational Enterprises on Responsible Business Conduct contain recommendations for multinational enterprises to encourage positive contributions enterprises can make to sustainability and to minimise adverse impacts, for instance, on the environment in their operations and supply chains (OECD, 2023).

In respect to water, "global initiatives, guidelines and tools that focus on the role of business and their value chains under the banners of corporate water stewardship and water security" have been developed (Sojamo and Rudebeck, 2024, p. 313). Such initiatives, guidelines and tools seek to improve the sustainability of companies' water use in terms of both environmental and human rights aspects (Puharinen *et al.*, 2021). Notably, the Alliance for Water Stewardship (AWS) hosts the site-level International Water Stewardship Standard. AWS defines water stewardship as "the use of water that is socially and culturally equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process that includes both site- and catchment-based actions" (AWS, 2023). The European Water Stewardship Program, a regional initiative to AWS which has now ceased to exist, established a system for businesses, industry and agriculture to develop sustainable water management practices, based on a program including standards, a certification and a communication scheme (EWP, 2017). The EWS certified sites are these days monitored under the AWS.

EU policy framing

The EU has enacted the most impactful value chain legislation thus far. These measures adopt different approaches to regulating value chains: some are based on reporting duties and standardization, some on due diligence approach, and some seek to establish liability for violations of due diligence (Puharinen *et al.*, 2021).

The reporting and standardization-based approach is adopted, for instance, in Regulation (EC) No 1221/2009 that concerns the voluntary participation by organisations in a Community Eco-Management and Audit Scheme (EMAS). Last amended in 2023, the Regulation establishes EMAS as a voluntary measure to promote

organizations' environmental performance and the establishment and implementation of environmental management systems. The established requirements follow Sections 4-10 of the EN ISO 14001:2015 standard. Transparency and public reporting are also central elements of EMAS (EC, 2009, Annex II). The related environmental review includes water-related aspects (EC, 2009, Annex I).

The Directive (EU) 2022/2464 regarding corporate sustainability reporting (CSRD) modernizes the rules on environmental and social information that needs to be reported. It amends the Directive 2014/95/EU that concerns the disclosure of non-financial and diversity information by certain large undertakings (EC, 2014). The Directive 2014/95/EU required companies to disclose relevant non-financial information so that investors and other stakeholders may have access to a more complete picture of their development, performance, and the impact of their activities to, for instance, the environment or human rights. The new CSRD imposes the reporting obligations to a broader set of companies (EC, 2022a, article 19a). It requires them to enclose information on "sustainability matters", which the CSRD defines as "environmental, social and human rights, and governance factors" (EC, 2022a, article 2). The information on sustainability matters needs to be included in the undertaking's management report and it contains e.g. a brief description of the undertaking's business model and strategy, "a description of the time-bound targets related to sustainability matters set by the undertaking", "a description of the undertaking's policies in relation to sustainability matters", a description of the adopted due diligence process regarding sustainability matters, information on the existing incentive schemes linked with sustainability matters as well as a description on principal risks associated with sustainability matters (EC, 2022a, article 19a). The CSRD applies not only to the undertaking's own activities but also its value and supply chains (EC, 2022a, article 19a). The relevant sustainability reporting standards are required to specify the required information on water pollution and resources (EC, 2022a, article 29b). On 31 July 2023, the Commission adopted delegated Regulation on the European Sustainability Reporting Standards (EC, 2023). Once in force, it will specify the requirements for the reported information, requiring for instance submitting the information on the value chain, including the information on water pollution and water resources (EC, 2023, Annex 1).

In addition to reporting, the EU legal framework also seeks to standardize the criteria for sustainable financing. In 2020, the Commission introduced the EU taxonomy for sustainable activities as part of its sustainable finance framework and to meet the objectives of the European Green Deal by directing investment towards sustainable initiatives and projects. In 2023, the taxonomy was expanded to cover activities relevant to the sustainable use and protection of water and marine resources (EC, 2023a). Specifically, water supply activities related to the "construction, extension, operation, and renewal of water collection, treatment and supply systems for human consumption" from surface and ground water are covered with a set of technical screening criteria related to regulatory compliance, Infrastructure Leakage Index, and metering. An additional extension of the taxonomy (EC, 2023b) covers circular economy objectives and addresses the production of alternative water resources for non-human use, such as irrigation and industrial reuse, through reclaimed water (e.g. rain and storm water as well as grey water).

The EU has also sought to regulate the value chains of certain sectors such as timber products (EC, 2010) and minerals (EC, 2017). These initiatives are examples of due diligence-based regulatory tools that establish duties for operators to provide information, to carry out risk assessment procedures and to put in place risk mitigation procedures; however, they do not address water-related issues.

The newly adopted Directive on corporate sustainability due diligence (CSDDD) adopts both the due diligence-based approach to regulating value chains as well as concerns liability. It covers large companies and the respect for human rights and environmental issues in their value chains. First proposed by the Commission in 2022, the draft Directive sought to establish a due diligence obligation to such companies throughout their value chains to foster the identification of adverse environmental and human rights impacts (EC, 2022b). As the current voluntary approaches to due diligence had not been adequate in achieving large-scale improvements and certain Member States have initiated national legislative campaigns to curb the breaches of due diligence in value chain, the proposal sought to improve and harmonize the due diligence obligations applicable to corporations, "increase corporate accountability for adverse impacts", and

“improve access to remedies for those affected by adverse human rights and environmental impacts of corporate behaviour” (EC, 2022b, p. 3).

The version of the Directive that was adopted in the European Parliament on 24 April 2024 seeks to establish due diligence obligations to corporations for adverse impacts on human rights and the environment and liability for such violations. In the adopted form, the CSDDD lays down rules on due diligence obligations throughout a company’s own activities and the value chain of a company and liability for non-compliance with such duties as well as an obligation to “adopt and put into effect” a transition plan for climate change mitigation (EP, 2024, article 1). Scope-wise, the proposed Directive shall apply to EU-based companies that have more than 1.000 employees on average and a net worldwide turnover of more than 450 million euros, as well as to an ultimate parent company of a group that reaches such thresholds even if the company itself falls short of the thresholds. In addition, the scope of the proposed Directive covers non-EU-based companies that generate a net turnover of more than 450 million euros in the EU as well as ultimate parent companies of groups that go over such thresholds (EP, 2024, article 2). The due diligence obligation in value chain covers both a company’s own activities as well as its business partners’ activities in the chain of activities. Such a chain covers both upstream business partners related to the production of goods or the provision of services by that company and those of its downstream business partners related to the distribution, transport and storage of a product of that company (EP, 2024, articles 1 and 3(g)).

The key obligations include a duty to carry out a risk-based human rights and environmental due diligence. This obligation consists of duties to integrate due diligence into company policies and risk management systems, identify and assess adverse impacts, mitigate and prevent potential adverse impacts, stakeholder engagement, notification, monitoring, and public communication of due diligence (EP, 2024, article 4). Article 5 further identifies requirements for a due diligence policy a company must uphold, whereas article 7 establishes a duty to prevent and mitigate potential adverse impacts. The proposal allows for introducing more stringent obligations in national legislation (EP, 2024, article 3a).

The enforcement provisions of the CSDDD require that each Member State must designate a supervisory authority to monitor compliance with the due diligence obligations. The authority must have adequate powers and resources to carry out the monitoring and it must be able to consider substantiated concerns submitted by natural and legal persons (EP, 2024, articles 17-19). The CSDDD also requires that companies can be held liable for damages caused by intentional or negligent failures to comply with the due diligence obligations. The civil liability would not extend to damage caused solely by the company’s business partners. Although Member States can exercise national discretion in deciding the conditions under which an alleged injured party may authorise e.g. a trade union, non-governmental environmental organisation or other non-governmental organisation to bring action to enforce the rights of the injured party, the conditions must be reasonable (EP, 2024, article 29).

Annex to the CSDDD includes lists of specific adverse environmental impacts and adverse human rights impacts that would be relevant for this Directive in determining the content of due diligence (EP, 2024, p. 37). Indeed, the definition of “adverse environmental impact” is based on the breach of the prohibitions and obligations included in the Annex (EP, 2024, article 3(1)(b)). Annexes I and II use lists of key international conventions in the field of human rights and environmental protection to define such adverse impacts. When it comes to freshwater issues, the Commission’s original list of environmental agreements did not refer to any water-related instruments but referred to water as part of the human rights violations in Part I of the Annex (EC, 2022b, Annexes). In 2023, the European Parliament suggested amendments to Part II of the Annex and incorporated references to the 1982 UN Convention on the Law of the Sea and the 1992 Convention on the Protection and Use of Transboundary Watercourses and International Lakes to prevent, control and reduce water pollution (EP, 2023). In the version of the text that the European Parliament adopted, Annex I refers to the prohibition to “restrict workers’ access to adequate food, clothing, and water and sanitation in the workplace” (EP, 2024, Annex I, para 8). In addition, paragraph 18 prohibits causing “any measurable environmental degradation”, such as water pollution or excessive water consumption, which, for instance, “denies a person access to safe and clean drinking water”, “makes it difficult for a person to access sanitary facilities or destroys them”, or “substantially adversely affects ecosystem services through which an

ecosystem contributes directly or indirectly to human wellbeing”. Paragraph 18 further stipulates that these requirements are to be “interpreted in line with” the right to life, right to an adequate standard of living, and the right to health as determined in international human rights’ conventions. Annex II, however, no longer contains references to freshwater protection.

Finally, in the context of the Europe 2020 Strategy, the European Commission launched the Roadmap to a Resource Efficient Europe in 2011 (EC, 2011), which aimed to ensure economic growth while simultaneously reducing resource use. The roadmap recognizes the role of companies’ value chains in achieving these aims for instance through exchanging information and inter-actor cooperation. The roadmap also set a target for 20% reduction in the food chain’s resource inputs. The EU Code of Conduct on Responsible Food Business and Marketing Practices (EC, 2021) identifies improved resource efficiency within operations as an “indicative action”. It specifically mentions improved water efficiency via “water management practices, waste water quality, water recovery and re-use.” The impact of the food value chain on resources is also noted in the EU’s Circular Economy Action Plan (EC, 2020).

Institutional, regulatory and legal challenges

There are challenges to fostering resource efficient behaviour in value chains such as agriculture, industry, and energy, among others. Regulations and standards can be valuable in meeting SDG objectives, including those related to water supply, but they can also present obstacles to businesses and value chains. Kaplinsky and Morris (2017) identify some barriers for regulations and standard to lead to improved sustainability and resource use: the costs to achieve certifications may exclude smaller producers and disadvantaged groups, and standards may require basic skills that marginalised groups may not have. McKinsey (2009) further points out that regulating water use may require technological solutions that come at costs which may hamper production. Vos and Boelens (2014) question international private certification schemes’ ability to operationalise sustainable and/or fair production and trade of agricultural products at the local level. Although certification schemes have “potential to prevent water grabbing and water contamination”, the schemes tend to “target on-farm irrigation technology and record keeping, disregarding how water use is geographically and politically embedded in catchments, territories, and broader institutional, socio-economic and cultural contexts” (p. 224). To address such concerns, the schemes should incorporate broader views of environmental and social impact (Vos and Boelens, 2014). Other key barriers recognised by Lucas *et al.* (2024) include, for instance, the resource-intensive nature of implementing water stewardship within a corporation and the conceptual complexity of water stewardship and governance and leadership-related issues, such as the lack of state actors’ enabling potential and “a lack of understanding of how collective action should be governed in practice (e.g. who should lead it, how competing interests should be reconciled, and how actors should be held accountable)” (p. 26).

Voluntary standards and the related reporting and monitoring measures operate by enabling the civil society and media to scrutinize the corporations’ actions in the field of corporate social responsibility (Morgera, 2020). Reporting on the basis of voluntary guidelines may raise awareness and increase transparency; however, such mechanisms often suffer from inadequate enforcement and may lead to greenwashing. Altogether, voluntary reporting has not been particularly effective in preventing human rights and environment related violations (Smit *et al.*, 2020a).

Smit *et al.* (2020a) further highlight that transforming due diligence into a legal duty of care increases the monitoring costs of public authorities. It would also increase the production costs of large companies but could lead to benefits to their brand image, reputation, and sales. At the same time, they recognize that if regulated, due diligence obligations tend to be rather generic. This will also apply to those concerning water stewardship.

One of the key regulatory challenges relates to the proposed CSDDD, as it addresses freshwater as part of the due diligence obligations only to a limited extent. The Explanatory Memorandum (EC, 2022c) explains

that the treaties listed in the Annex were selected strictly to “ensure clear obligations and legal certainty”. The Annex only excludes those treaties that “create an obligation that is sufficiently precise and implementable for the companies” (EC, 2022c, p. 5, 9). The list of the environmental standards is thought to be exhaustive. Although for instance Foot (2022) argues that the material scope of the Directive may be interpreted to cover freshwater issues and that the reference to water in the context of Part I of the Annex on human rights can be argued to cover both quantity and quality of the freshwater resource, the CSDDD incorporates the environmental aspects of the freshwater issues only to a limited extent. As it does not refer to the most relevant multilateral environmental agreements on freshwater issues and excludes non-binding instruments from its purview, the CSDDD mostly excludes the pollution and depletion of freshwater from its scope (Foot, 2022). Lafarre (2023) further questions whether the chosen approach to enforcement in the CSDDD through civil liability is the most effective means to internalize the costs of human rights and environmental violations. If the civil liability regime recognizes the principle of limited liability, it may result in its strategic exploitation to enable the parent companies to “shift risk disproportionately to undercapitalized subsidiaries” (Lafarre, 2023, p. 225-227).

Characterising value chain systems

For the purposes of GOVAQUA, “value chain” is used to refer to “the sequence of activities through which raw materials or components are transformed into final products” (Bair, 2008, p. 15). Such sequences may be conducted by a corporation within its boundaries and under one legal jurisdiction; however, they have increasingly been “fine-sliced and broken up as activities that were previously collocated have been relocated across organizational or geographical boundaries” (Pedersen *et al.*, 2017, p. xv). Corporations’ value chains can refer to the fragmented and globalized production networks that operate transnationally across State boundaries and are complex and diverse. Such networks consist of a company’s subsidiaries and suppliers (ILO, 2016; Salminen and Rajavuori, 2019). Corporate water stewardship in such networks thus covers both the direct water-related operations of the transnational corporations and the water-related activities in their value chains through the operations of their suppliers (AWS, 2011). In the context of GOVAQUA, corporate responsibility consists of complying with the standards and regulations relevant to water use and governance in force within a jurisdiction and of adopting complementary measures to prevent social and environmental harm (after Morgera, 2020). Corporate social responsibility broadens “the scope of stakeholders within a company beyond shareholders, so as to include all interest groups affected by the company’s activities, such as: governments, employees, boards of directors, investors, consumers, suppliers, local communities in and around areas where the company operates, civil society, and the public at large” (Morgera, 2020, p. 19).

On domestic level, value chains, and the entities that make them up, are simultaneously dependent on water resources and can also have impacts on water resources. Different elements of value chains will have different relationships with water resources and face a range of challenges in this regard. For example, a portion of the value chain related to manufacturing may have a high dependency on water, but low impacts. Here, the importance of water to this portion of the value chain would still be considered high. From the perspective of actors in the value chain, there is an incentive to set standards and targets to enhance their performance in these areas with regards to water use, and in turn environmental performance. From a regulatory standpoint, this similarly means that these portions of the value chain present an opportunity for identifying where to prioritize regulation, which may also include targets and standards. Splitting up the different components of the value chain, and assessing the dependencies and impacts, can therefore be a helpful approach towards identifying the key challenges, opportunities, and good practice. Such an approach is also mutually beneficial to the actors within the value chain itself, who can gain information on their risks and vulnerabilities with respect to their water use.

On transnational level, various actors of the value chain may have different impacts on water depletion and quality. The regulatory approach to corporate water stewardship in value chains may take the form of voluntary standards and reporting, due diligence-based approaches, or seek to combine due diligence approach with liability for human rights’ violations or environmental damage (Puharinen *et al.*, 2021). The

regulatory framework in Europe is going through a transition phase: the recently enacted corporate accountability acts in various European countries, such as France and Germany, and the adopted CSDDD of the EU ensure that the legal framework will be in flux for the years to come. Distilling good practices from the country-specific examples will assist in promoting the transition to more sustainable water stewardship in Europe.

GOVAQUA will thus study how the value chains are regulated and governed currently on domestic levels in various European countries, what kind of an approach the existing proposals and legislative frameworks adopt, and to what extent they regulate corporate water stewardship. The project seeks to assess the options for regulating corporate water stewardship with an aim of contributing to the ongoing European debates on corporate responsibility legislation with the perspective of water.

Legal, regulatory and policy framework on value chains on national level

Finland

General legal and regulatory framework

Although no specific legislation on value chains exists, Finnish company law establishes a framework for some due diligence-related obligations. For instance, Section 5 of Chapter 1 of the Limited Liability Companies Act (624/2006) establishes that “[t]he purpose of a company is to generate profits for the shareholders, unless otherwise provided in the articles of association” (Finnish Parliament, 2006). Such other purpose provided in the articles of the association may include sustainability issues (Puharinen *et al.*, 2021, p. 183). The Act also imposes the management of the company a duty to act with “due care and promote the interests of the company” (Finnish Parliament, 2006, Chapter 1, Section 8). Although such due care does not require the management of a company to adopt due diligence procedures or to uphold stringent policies for corporate social and environmental responsibility (Mähönen, 2013), acting in accordance with such a standard of care requires taking decisions that are based on adequate information (Finnish Government, 2005, p. 41). The management’s failure to act with due care may result in liability for damages caused to the company intentionally or through negligence (Finnish Parliament, 2006, Chapter 22, Section 1).

The Finnish Accounting Act (1336/1997) includes duties relevant to sustainability reporting that apply to large companies, listed small companies, and listed medium-sized companies (Finnish Parliament, 1997, Chapter 7, Section 1). This Act – and particularly Chapter 7 that entered into force on 31 December 2023 – transposes the CSRD into domestic law. The duty to prepare a statement on sustainability requires that the reporting entity presents the information on its effects on sustainability issues and how sustainability matters affect the development, profit and status of the reporting entity (Finnish Parliament, 1997, Chapter 7, Section 3). As the Government proposal explains, such sustainability issues cover impacts on humans and the environment (Finnish Government, 2023, p. 31). The amended Accounting Act requires that a reporting entity’s sustainability report describes its relationship between business operations and sustainability issues and the operating principles of business operations (Finnish Parliament, 1997, Chapter 7, Section 4); sustainability-related targets and information on them (Chapter 7, Section 5); the procedures regarding sustainability issues (Finnish Parliament, 1997, Chapter 7, Section 7); and its most relevant sustainability risks (Finnish Parliament, 1997, Chapter 7, Section 8). Such a sustainability reporting duty covers not only the reporting entity’s own actions but also its value chain, including information concerning its products and services, its business relationships and its supply chain (Finnish Parliament, 1997, Chapter 7, Section 11).

Companies also face due diligence requirements through environmental law. For instance, the Environmental Protection Act (527/2014) seeks to e.g. “prevent the pollution of the environment and any risk of this, prevent and reduce emissions, eliminate adverse impacts caused by pollution and prevent environmental damage” (Finnish Parliament, 2017, Chapter 1, Section 1). The Act establishes a permit system for activities that cause or may cause environmental pollution (Finnish Parliament, 2014, Chapter 4, Section 27). It further requires that all operators need to have “knowledge of the environmental impacts and risks of their operations, and of the management of these impacts and risks and ways to reduce adverse impacts” and obligates operators to prevent and limit environmental pollution when undertaking operations (Finnish Parliament, 2014, Chapter 2, Section 6-7). Similarly, the Water Act (587/2011) stipulates that a “water resources management project shall be implemented and water resources and water areas otherwise used in a way that it does not cause any avoidable infringement of a public or private interest” (Finnish Parliament, 2011, Chapter 2, Section 7). The Act on Compensation for Environmental Damage (737/1994), in turn, regulates the issue of compensation for environmental damage that is caused by activities carried out in a certain area and resulting from e.g. pollution of the water, air or soil (Finnish Parliament, 1994, Section 1). However, these environmental legislation requirements are very limited in addressing value chains of different activities (Puharinen *et al.*, 2021).

Value chain-specific legal and regulatory framework

No specific legislation on value chains exists; however, in reaction to the EU proposal, the issue has been studied both in the context of Finland and the potential implications of the CSDDD to least developed countries (Helminen *et al.*, 2020; Ngangjoh-Hodu *et al.*, 2023).

The role of certificates and reporting has been recognized as a significant corporate social responsibility issue in Finland. In 2010, the Ministry of Employment and the Economy of Finland has also published a study of self-regulation and its forms in various fields, e.g. food production and forestry (Sorsa, 2010). The study claims that self-regulation has been particularly popular among corporations especially when it applies to international value chains. Such governance modes consisted particularly of reporting and standardisation; however, the study also indicated that all elements of corporate social responsibility are rarely covered at the same time (Sorsa, 2010, p. 19). Water management had been included into some of the self-regulation regimes. For instance, the Finnish Forest Certification System brought water protection into the forest management agenda (Sorsa, 2010, p. 68).

Corporate water stewardship has also been studied given that the implementation of the International Water Strategy of Finland includes a goal that Finnish companies would become world leaders in corporate water stewardship by 2030. A study by Sojamo *et al.* (2021) recognizes that developing sustainable water management and governance along the value chains may offer a tool for increasing the companies’ overall environmental and social responsibility (Sojamo *et al.*, 2021, p. 110-111). The report recommends using recognizable international standards for water stewardship, including the Alliance for Water Stewardship’s International Water Stewardship Standard (Sojamo *et al.*, 2021, p. 111).

France

General regulatory framework

France has a more elaborate legislative framework regarding due diligence in value chains, mounting to claims that it was one of the regulatory pioneers (e.g. Smit *et al.*, 2020b, p. 56). The French regulatory framework for value chains includes the Law No 2017-399 of 27 March 2017 on the corporate duty of vigilance for parent and instructing companies (Vigilance Law) (RF, 2017a).

Although the Vigilance Law constitutes the most comprehensive element of the regulatory framework, the regulation of due diligence in value chain is also affected by the Law No 2014-773 of 7 July 2014 on the orientation and the programming related to the policy on development and international solidarity (RF, 2014). As Smit *et al.* note (2020b), “[t]his law defines the objectives of State action”. Article 8 of the law provides that “the policy on development and international solidarity takes into account the requirement [l’exigence] for societal responsibility of public and private actors [...] In the context of this requirement for societal responsibility, companies implement risk management procedures aimed at identifying, preventing or mitigating social, sanitary and environmental harms as well as impacts on human rights which may result from their activities in partner countries”. Further, article 8 provides that France “encourages” companies headquartered in France and operating abroad to implement the OECD Guidelines for Multinational Enterprises as well as the UNGPs” (p. 58). In addition, France has also transposed the Directive 2014/95/EU of 22 October 2014 amending directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (RF, 2017b; RF 2017c).

France has also put in place a regulatory framework for corporate social responsibility. The New Economic Regulations Law No 2001-420 seeks to increase transparency and enable shareholders and other stakeholders to better assess the overall performance of companies (RF, 2001). The Action Plan for Business Growth and Transformation (the “PACTE Law”, 2019) has modified Article 1833 of the French Civil Code, which now provides that “the company is managed in its corporate interest, taking into consideration the social and environmental issues of its activity” (RF, 2019). The CSRD was transposed into the French law in 2023 (RF, 2023a; RF, 2023b).

Value chain-specific legal and regulatory framework

The duty of vigilance

Pursuant to article L. 225-102-4.-I. of the Commercial Code, as introduced by the Vigilance Law, the vigilance obligations apply to

Any company which, at the close of two consecutive financial years, employs at least five thousand employees within its own company and in its direct or indirect subsidiaries whose registered office is located in France, or at least ten thousand employees within its own company and in its direct or indirect subsidiaries whose registered office is located in France or abroad, shall draw up and effectively implement a due diligence plan.

As Smit *et al.* (2020b) note, that article defines the scope of the Vigilance Law. Furthermore, it differentiates between companies that fall under the scope of the Law and are thus subject to the vigilance obligations and those companies that fall under the Law’s *rationae personae*, that is, are covered by the vigilance obligations of other companies and, hence, enter into the perimeter of the Law (p. 60). The French Constitutional Court clarified the scope of the Law in its decision of 23 March 2017 (Constitutional Court of France, 2017). Rather than using a turnover threshold to determine the scope of applicability of the Law as is the case with for instance the Modern Slavery Act of the UK, the Vigilance Law requires that a company has its registered office in France, is registered in a certain corporate form, and fulfils the requirement of the number of employees as stipulated in article 1 of the Vigilance Law (Smit *et al.*, 2020b, p. 61). The requirements are rather restrictive; in 2018, it was estimated that only 237 companies would fall under the scope of the Vigilance Law (Bright, 2018, p. 12). The Vigilance Law is meant to strengthen the response to human right violations and harm to the environment “in France and abroad” (National Assembly, draft law No 2578, 11 Feb. 2015 as cited in Smit *et al.*, 2020b, p. 61).

The key vigilance obligations the Law establishes are to draft a vigilance plan, disclose it, and implement it (RF, 2017a, article L. 225-102-4.-I; Smit *et al.*, 2020b, p. 64). In this sense, the chosen legislative approach is based on *ex ante* prevention plan rather than on reporting duties that can best be described as *ex post* measures (Bright, 2018, p. 10). As noted in literature, the obligation to implement the plan is one of conduct

rather than result. In other words, the companies need to “take all steps in their power to reach a certain result [obligation de moyens] rather than to guarantee the actual attainment of that result [obligation de résultat]” (Smit *et al.*, 2020b, p. 69).

The Vigilance Law further explains the required content of the vigilance plan by stipulating that it needs to “contain reasonable vigilance measures adequate to identify risks and to prevent severe impacts on human rights and fundamental freedoms, on the health and safety of persons and on the environment [...]” (RF, 2017a). It is noteworthy that none of the key terms, such as “risk”, “severe impact”, or “the environment”, are defined in the Vigilance Law, which is often argued to introduce an element of legal uncertainty in the interpretation of the duty to prepare a vigilance plan (Savourey and Brabant, 2021, p. 145-146; Smit *et al.*, 2020b, p. 62-63). Given that “the environment” is not defined in the Law, its text does not specify any clear duties for water protection, either. Similarly, the text is silent about the specific human rights that it should apply to and hence does not refer to the right to water. It has nonetheless been argued that the United Nations Guiding Principles on business and human rights and OECD Guidelines for Multinational Enterprises should “serve as inspiration to interpret the Vigilance Law” as they inspired the content of the vigilance plan (National Assembly, No 3582, 16 March 2016, p. 11 as cited in Smit *et al.*, 2020b, p. 65; Savourey and Brabant, 2021, p. 145-146).

The Vigilance Law further stipulates that the plan must cover the company’s own activities as well as those of the “companies it controls within the meaning of II of article L. 233-16, directly or indirectly, as well as the activities of subcontractors or suppliers with whom there is an established commercial relationship, when these activities are related to this relationship” (RF, 2017a). As Cossart *et al.* (2017) explain, the French legislation defined the term “established commercial relationship” as “a stable, regular commercial relationship, taking place with or without a contract, with a certain volume of business, and under a reasonable expectation that the relationship will last” (p. 320).

As for the content of the vigilance plan, which was intended to be put together with the company’s stakeholders, the Commercial Code as amended by the Vigilance Law identifies five elements (RF, 2017a):

- A risk mapping meant for their identification, analysis and prioritisation;
- Regular evaluation processes regarding the situation of subsidiaries, subcontractors or suppliers with whom there is an established commercial relationship, in line with the risk mapping;
- Adapted actions to mitigate risks or prevent severe impacts;
- An alert and complaint mechanism relating to the existence or realisation of risks, established in consultation with the representative trade union organisations within the company; and
- A system monitoring implementation measures and evaluating their effectiveness.

The Commercial Code, article L. 225-102-4.-I as introduced by the Vigilance Law also recognises a possibility to issue a decree on these vigilance measures (RF, 2017a); however, no such a decree has been issued yet.

The enforcement options

The Vigilance Law provides a twofold system of enforcement. First, pursuant to article L. 225-102-4 of the Civil Code, as amended by the Vigilance Law, anyone with standing can file a complaint to a competent court to oblige a company to establish, implement, and publish a vigilance plan in case of non-compliance with the vigilance obligations (RF, 2017a). According to literature, i.e. “victims, NGOs or trade unions” have such standing (Bright, 2018, p. 12; Smit *et al.*, 2020b, p. 70). The company would first be given three months to fulfil its vigilance obligations. If no action was taken to comply with the Vigilance Law, a competent court could be asked to order the company to comply with its vigilance obligations. Such an order could be accompanied with a periodic penalty payment (RF, 2017a).

Second, the 2017 Vigilance Law also establishes a system of civil liability for damage that the execution of the vigilance obligations could have prevented (RF, 2017a). Such liability is based on the parent or instructing company’s own fault in not complying with the vigilance obligations set out in the Vigilance Law (Smit *et al.*,

2020b, p. 68). A civil liability procedure may be initiated before the competent court by any person who can demonstrate an interest in taking action (RF, 2017a).

Article 225-102-5 of the Commercial Code, as introduced by the Vigilance Law, further stipulates that the general conditions of civil liability proceedings, set out in articles 1240 and 1241 of the French Civil Code, also apply (RF, 2017a). These conditions include the existence of damage, the existence of a breach of an obligation, and the existence of a causal link between the damage and the breach (for an explanation, see Smit *et al.*, 2020b, p. 68; Bright, 2018, p. 14-15). The burden of proof for the existence of these conditions falls on the claimant (Smit *et al.*, 2020b, p. 68-69); the difficulties related to producing such proof have been identified as one of the key issues that prevent the victims of human right violations and environmental harm from having access to effective remedies (Palombo, 2019, p. 266; Bright, 2018, p. 15; Schilling-Vacaflor, 2021).

Originally, the Vigilance Law also included a possibility that a court could have ordered a company to pay a civil fine of up to 10 million euros in case of non-compliance. However, the French Constitutional Court found that it did not fulfil the requirements set out in other relevant legal frameworks. As civil fines constitute criminal sanctions, “specific principles apply, such as the principles of criminal liability and legality of offences, which require the laws to be clear and specific in order to ensure legal predictability” (Bright 2018, p. 13; Constitutional Court of France, 2017). The Constitutional Court did, however, validate the other key elements of the Vigilance Law (Cossart *et al.*, 2017, p. 321-322).

Currently, the enforcement procedure concerning the Vigilance Law has been initiated against e.g. Suez, one of the world’s leading private water supplier, on the basis of its supplier causing a health crisis and depriving the population of drinking water in Osorno, Chile, in July 2019. The case is currently being deliberated in the Paris Court of Appeal (FIHD, 2024).

Romania

General legal and regulatory framework

The general regulatory framework present in Romania seems to be focused on the level of strategy development and incorporation of the EU regulations. In 2018, the government adopted the National Strategy for Sustainable Development 2030 which provides the framework for the outline of the SDGs for the period 2020-2030 (Romanian Government, 2018). Subsequently, measures regarding the inclusion of the EU provision encompassed in the Green Deal and the provisions included in the National Plan for Recovery and Resilience (adopted by the EU Council in Oct 2021) have been developed.

The Romanian legal and regulatory framework recognizes some due diligence-related obligations; however, as Aureli *et al.* (2020) note, the issue of corporate social responsibility has been introduced in particular because of the pressure from the EU (p. 7, 22). For instance, the Order of the Ministry of Public Finance no. 1938, transposes the NFI Directive into Romanian legal system (Romanian Government, 2016). The duty to provide a statement on non-financial information applies to entities that fulfil the established criteria and must include information on at least environmental, social and personnel aspects, respect for human rights, combating corruption and bribery (Romanian Government, 2016). The Order further specifies that the environmental information to be included in the statement include details regarding “the current and foreseeable impact of the entity’s operations on the environment and, as the case may be, on health and safety, renewable and non-renewable energy use, greenhouse gas emissions, water use and air pollution” (Romanian Government, 2016). Furthermore, the statement must also include “the impact of the company’s activity and the use of goods and services that it produces on climate change, as well as its commitments to sustainable development, to the fight against food waste and the fight against discrimination and the promotion of diversity” (Romanian Government, 2016). As Aureli *et al.* (2020) note, such information and

indicators are additional to the NFI Directive (p. 14). The CSRD has been transposed to the Romanian legal system in 2024 (Romanian Government, 2024).

Furthermore, Romanian environmental legislation provides a broad framework for water protection and use but does not specifically address value chains. The Government Emergency Ordinance no. 195/2005 on environmental protection establishes that environmental protection is the obligation and responsibility of all natural and legal persons (Romanian Government, 2005, article 6(1)). The Government Emergency Ordinance no. 195/2005 on environmental protection and the Government Emergency Ordinance no. 195/2005 on integrated pollution prevention and control further include the rules concerning the permitting regime for activities and projects that may have significant environmental impacts requiring a permit (Romanian Government, 2005a; Romanian Government, 2005b). The Government Decision No. 1213/2006 includes rules on environmental impact assessments that need to be carried out for public and private projects that may cause significant environmental impacts. The assessment is an integral part of the project's authorisation (Romanian Government, 2006). In addition, the Water Law 107/1996 requires water users to "save water through judicious use", which is to be achieved by using the best available technologies, and to "ensure the maintenance and repair of their own installations" (Romanian Parliament, 1996, article 12). The Water Law also prohibits the pollution of water resources and establishes a monitoring duty (Romanian Parliament, 1996, articles 15 and 17). Furthermore, the Water Law stipulates that waterworks that are defined in article 48 of the Water Law may be carried out only with a water management permit. The Water Law establishes the pertinent regulatory framework (Romanian Parliament, 1996, articles 48-64). Recently, the Romanian Parliament adopted the Law Number 96/12 April 2024 on the quality of water intended for human consumption (Romanian Parliament, 2024). This law provides the framework for the improvement of the quality of drinking water. The aim is to increase the consumption of water from the public provision, and therefore to limit the consumption of bottled water.

The National Strategy for Sustainable Development of Romania outlines the general measures to be taken in order to ensure the availability and sustainable management of water resources. Particular attention is addressed to develop measures regarding the limitation of wasting water, ensure water safety, and, more generally, to improve water quality (Romanian Government, 2018).

Value-chain specific regulatory framework

There are limited explicit provisions regarding value chains in Romanian legal and policy framework.

The National Strategy on circular economy, adopted by the Romanian Government on 21 September 2022 provides the framework for decisions regarding the introduction of sustainability conditions and value chains on a number of products such as electronic and telecommunications products, batteries and vehicles, plastics, packaging, textiles, construction and buildings, as well as food, water and nutrients. The reference to water is limited and outlines the intention to and need to undertake actions to implement labels and digital product passports which include, among other criteria, also water consumption during the product's life cycle (Romanian Government, 2022a).

The Decision No 107 of 29 June 2022 outlines a series of actions to be undertaken in order to facilitate sustainability and circularity in the area of textiles. This Decision includes a general statement on the intention to promote sustainable and equitable value chains but does not provide additional details on how that would be achieved (Romanian Government, 2022b).

Existing research in the field is also limited. Petrariu *et al.* (2021) investigate the value chain performance within the Romanian setting and provide results which indicate that in terms of the Water, Energy, Food Waste (WEFW) nexus the current policies are not coherent across sectors (due to short-term orientation of policy makers and functional separation between policy areas), that the incoherent legislative framework impedes upon the creation of economic opportunities, and that regional economic differentials also impedes upon the creation of economic opportunities in the WEFW sector.

Spain

General legal and regulatory framework

Spain adopted a national strategy on companies' corporate social responsibility in 2014.

In addition, the Law on Sustainable Economy of 4 March 2011 aims to introduce the structural reforms needed to create conditions that favour sustainable economic development into the legal system (SG, 2011, article 1). The term "sustainable economy" is understood to mean a growth pattern that reconciles economic, social and environmental development in a productive and competitive economy that is capable of favouring quality employment, equal opportunities and social cohesion and that can guarantee respect for the environment and the rational use of natural resources in such a way as to enable the needs of present generations to be met without compromising the options for future generations to service their own requirements (SG, 2011, article 2). Particularly the third part of the Law concentrates on environmental sustainability (SG, 2011, articles 77-111). The Law requires state-owned corporations to produce annual sustainability reports (SG, 2011, article 35). As part of such reporting duties, state-owned companies need to review their production processes for goods and services by applying environmental management criteria aimed at compliance with the standards of the EU environmental management and auditing system (SG, 2011, article 35(2)(b)). Pursuant to article 35(2)(d), such companies need to include in their contracting processes conditions referring to the level of greenhouse gas emissions and maintenance or improvement of environmental values that may be affected by the execution of the contract (SG, 2011).

Private corporations with more than one thousand employees are mandated to publish a sustainability report. Moreover, corporations may publish their policies and results in corporate social responsibility on an annual basis by means of a specific report based on the objectives, characteristics, indicators and international standards and apply to be recognised as a socially responsible company (SG, 2011, article 39). The minimum content of the reports is presented in the Order ESS/1554/2016, article 3 of which lists the commitment to the environment as a possible issue on which information can be included (SG, 2016).

Law 11/2018, of December 28, 2018 amending the Commercial Code, the revised Capital Companies Law approved by Legislative Royal Decree 1/2010, of July 2, 2010 and Audit Law 22/2015, of July 20, 2015, as regards non-financial information and diversity also establishes reporting duties for Spanish corporations. Its article 49 establishes the range of corporations that fall under the scope of these duties (SG, 2018). It also puts forward the requirements for such a statement, which needs to inter alia contain information on the impact of the corporation's activities to environmental and social issues. Such environmental information consists of details on the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety, environmental evaluation or certification procedures, the resources dedicated to the prevention of environmental risks, the application of the precautionary principle, and the amount of provisions and guarantees for environmental risks. The environmental information to be provided in the non-financial information statement includes information on sustainable use of resources, such as water consumption and water supply in accordance with local limitations (SG, 2018, article 49(3)).

The Law 12/2013, of 2 August, concerns value chain management in food sector. However, the Law does not mention the environment; rather, it aims to achieve balance in the food chain and to ensure fair, loyal, and effective competition while maintaining an adequate level of prices and adequately informing consumers (SG, 2013a). The Law 16/2021 of December 14, 2021 modifies and extends the cases in the Law 12/2013 applies (SG, 2021).

The 2015 Corporate Governance Code (Código de buen gobierno de las sociedades cotizadas) is voluntary and includes good governance recommendations for listed corporations, thereby excluding the small and medium-sized enterprises (Comisión Nacional del Mercado de Valores, 2015, p. 10). The Code recognises environmental issues and, for instance, recommends that the corporation's risk control and management policy take into account the environmental risks in addition to other relevant risks (Comisión Nacional del

Mercado de Valores, 2015, recommendation 45, p. 40). Recommendation 54 further suggests that a corporation's corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying among other things its strategy with regard to sustainability, the environment and social issues (Comisión Nacional del Mercado de Valores, 2015, p. 45).

The Spanish legal and regulatory framework in the field of environmental law also establishes duties related to the environment that apply to corporations when they cause adverse impacts on the environment. For instance, the Law 21/2013, of 9 December 2013, on Environmental Assessment seeks to raise the level of environmental protection by requiring that a strategic environmental impact assessment is carried out for plans and programmes and an environmental impact assessment for projects. Such an assessment duty applies to both water resources management plans and programmes as well as specific projects (SG, 2013b, article 8). Furthermore, the Royal Decree 445/2023, of 13 June, modifies and extends the cases in which projects are subject to ordinary or simplified environmental assessment (SG, 2023).

In turn, the Law 26/2007, of October 23, on Environmental Liability concerns liability for prevention and repair of environmental damage in accordance with the polluter pays principle (SG, 2007, article 1). Such liability applies throughout a corporation's value chain, provided that a subsidiary was operating under the instructions of a parent company or the parent company was using the subsidiary fraudulently to limit liability (SG, 2007, article 10).

Therefore, even though Spain does not have a specific, value-chain focused legal and regulatory framework in place for water stewardship, the Spanish framework establishes an "expectation that businesses respect human rights and protect the environment in all their operations and supply chains" by disclosing information and reporting and requires, for instance, the assessment of environmental impact of corporate actions (Smit *et al.*, 2020b, p. 278). It is notable, however, that the corporate social responsibility framework also relies on voluntary actions on the part of the corporations and that the efficacy of the reporting and transparency-based legal and regulatory framework for influencing corporations' behaviour has been questioned (Smit *et al.*, 2020b, p. 227, 279).

Value chain-specific regulatory framework

Although there is presently no established framework on value chains in Spain, discussions regarding its creation have taken place. In this vein, a public consultation was convened concerning a proposed draft law on the protection of human rights, sustainability, and due diligence in transnational business activities (SG, [year not known]). Regrettably, progress on this front has been stagnant since 2022, with no further advancements reported.

Within this context, Directive (EU) 2019/633 on unfair business-to-business commercial practices in the agricultural and food supply chain is noteworthy, however. It acknowledges the prevalent disparities in bargaining power between suppliers and buyers of agricultural and food products. Spanish Law 16/2021 of 14 December, amending Law 12/2013 of 2 August, focusing on measures to enhance the functioning of the food supply chain, strives to attain equilibrium within the food supply chain and promote fair competition (SG, 2021). It also emphasizes maintaining appropriate pricing levels and furnishing consumers with adequate information. This legislation mandates the documentation of contractual conditions in written form to determine prices (SG, 2021). However, while Law 16/2021 endeavours to rectify imbalances in bargaining power and enhance transparency within the food value chain, it lacks provisions pertaining to environmental and social performance.

Sweden

General legal and regulatory framework

At the moment, Sweden has no comprehensive due diligence legislation that would apply to value chains; however, the Swedish company law establishes general duties on reporting and disclosure of information (Government Offices of Sweden, 2021, p. 4). For instance, the Annual Accounts Act (1995:1554) concerns sustainability reporting and transposes the directive on non-financial information into Swedish legislation (Swedish Parliament, 1995). Its Chapter 6, which was amended in 2024, transposes the CSRD into Swedish legal system and establishes sustainability reporting obligations for companies. Pursuant to Section 10 of Chapter 6 of the Annual Accounts Act, this duty applies to companies where:

- 1. The average number of employees in the company during each of the last two financial years has been more than 250,*
- 2. The company's reported total assets for each of the last two financial years amounted to more than SEK 175 million,*
- 3. The company's reported net sales for each of the last two financial years have amounted to more than SEK 350 million.*

This report may be a separate document or attached to the administration report required by the Act (Swedish Parliament, 1995, Chapter 6, Sections 10-11; see also Chapter 7, Section 31a-31c). In terms of content, the sustainability report must cover “the sustainability information needed for understanding the company's development, position and results and the consequences of the business, including information on issues relating to the environment, social conditions, personnel, respect for human rights and counteracting corruption” (Swedish Parliament, 1995, Chapter 6, Section 12(1)). The report should further state for instance the material risks that relate to the company's business including the company's business relationships, products or services that are likely to have adverse consequences and the relevant measures to manage such risks (Swedish Parliament, 1995, Chapter 6, Section 12(1)).

Sweden has published a separate corporate governance policy for companies under state ownership. Although the policy acknowledges that from the point of legislation, the key reporting obligations are set for instance in the Companies Act and Annual Accounts Act, it also recognises that state-owned enterprises “should act as role models within the area of sustainable business and should otherwise behave in a manner that promote public confidence” (Government Offices of Sweden 2017, p. 4). Such enterprises need to “act responsibly and work actively to comply with international guidelines regarding environmental consideration, human rights, working conditions, anti-corruption and business ethics” (Government Offices of Sweden, 2017, p. 4). Hence, in their reporting, these enterprises need to provide inter alia information on matters related to the environment if such issues are judged material to the company or its stakeholders. The materiality analysis covers not only the company's own operations but also its value chain and stakeholders (Government Offices of Sweden, 2017, p. 11). Given the existence of this policy, it has been argued that the Swedish government has been particularly active in promoting the environmental corporate social responsibility in state-owned enterprises (Smit *et al.*, 2020b, p. 281).

Environmental law also imposes due diligence obligations on the companies. For instance, the Swedish Environmental Code requires that anyone who carries out or intends to carry out an activity or undertake a measure shall acquire the knowledge necessary, taking into account the nature and scope of the activity or measure, to protect human health and the environment against harm or nuisance (Swedish Parliament, 1998, Chapter 2, Section 2). The entity undertaking an activity or measure must also take protective measures to prevent and mitigate harmful impacts on the environment (Swedish Parliament, 1998, Chapter 2, Section 3). The Environmental Code also establishes the framework for requiring an environmental impact assessment

prior to undertaking an activity (project-based impact assessment) or preparing a plan or programme (strategic environmental impact assessment) (Swedish Parliament, 1998, Chapter 6). Although exceptions exist, environmentally harmful activities also require prior authorisation in the form of a permit (Swedish Parliament, 1998, Chapters 9-15).

Value chain-specific legal and regulatory framework

At the moment, Sweden has no comprehensive due diligence legislation that would apply to value chains in general, nor in the specific context of water stewardship. The adopted CSDDD will, however, force the Swedish legislator to consider the matter.

There are or have been various water-related corporate social responsibility initiatives in Sweden. For instance, the Sweden Textile Water Initiative (STWI) sought to promote sustainable water management in textile industry. In it, the participating fashion brands engaged their suppliers to improve resource efficiency and reduce negative impacts. This initiative lasted 2015-2017 and is currently inactive (Swedish Water House, 2014). The Stockholm International Water Institute's Swedish Water House cluster group on water and food also published an interactive guide in 2016 to help companies to reduce water risks in their own operations and supply chain (Swedish Water House, [not known]).

United Kingdom

General legal and regulatory framework

The UK legal system establishes no specific statutory framework for water stewardship in value chains; however, there is a regulatory framework relevant to corporate social responsibility matters in other areas. For instance, the Modern Slavery Act of 2015 establishes a framework for offences related to slavery, servitude and forced or compulsory labour, and human trafficking. The Act establishes a duty for businesses with a turnover of £36 million or more (globally) to publish a statement on describing their actions in preventing slavery and human trafficking. This duty also applies to their supply chains (UK Parliament, 2015, section 54). The Modern Slavery Act does not, however, cover environmental issues, and the majority of the Act's provisions only cover England and Wales; however, certain provisions also extend to Scotland and Northern Ireland (UK Parliament, 2015, section 60).

The Companies Act (2006), in turn, requires the directors of UK-incorporated companies to prepare a strategic report (UK Parliament, 2006, section 414A). The purpose of the strategic report is to provide information on how the director has performed the duty to promote the success of the company, prescribed in Section 172 of the Act, which includes the need to consider "the impact of the company's operations on the community and the environment" (UK Parliament, 2006, sections 414C and 172). A parent company has a duty to prepare a consolidated strategic report for all companies in the group (UK Parliament, 2006, section 414A(3)).

Different types of companies have different reporting obligations (UK Parliament, 2006, section 414C; Smit *et al.*, 2020b, p. 298-300). A large company's strategic report must include a statement on how the director has taken into account the matters set out in Section 172 of the Act (UK Parliament, 2006, section 414CZA; Smit *et al.*, 2020b, p. 298). A quoted company's strategic report must include "the main trends and factors likely to affect the future development, performance and position of [the] business" and "information about [e.g.] environmental matters (including the impact of the company's business on the environment)" (UK Parliament, 2006, section 414A(7)). After the transposal of the EU Non-Financial Reporting Directive into the Companies Act, the strategic report of a traded company, a banking company, an authorised insurance company, and a company carrying on insurance market activity must include a non-financial and sustainability information statement (UK Parliament, 2006, section 414CA). This statement "must contain

information, to the extent necessary for an understanding of the company's development, performance and position and the impact of its activity" and one of the minimum requirements concerns impacts on "environmental matters (including the impact of the company's business on the environment)" (UK Parliament, 2006, section 414CB). Such reporting requirements also extend to the conduct of subsidiaries and suppliers (Smit *et al.*, 2020b, p. 316), and, as Smit *et al.* (2020b) note, these requirements have become central in tort law-related arguments before the UK courts (p. 300).

In the field of environmental regulation, the Environmental Damage (Prevention and Remediation) (England) Regulations 2015 (EDPR) applies to environmental damage caused to e.g. surface or ground water in England (UK Parliament, 2015, section 4). Pursuant to section 13,

An operator of an activity that causes an imminent threat of environmental damage, or an imminent threat of damage where there are reasonable grounds to believe that the damage will become environmental damage, must immediately

(a) take all practicable steps to prevent the damage; and

(b) (unless the threat has been eliminated) notify all relevant details to the enforcing authority appearing to the operator to be the appropriate one.

Failure to undertake such measures is an offence (UK Parliament, 2015, section 13(3)). Under these Regulations, an operator "means the person who operates or controls an activity, including the holder of a permit or authorisation relating to that activity" (UK Parliament, 2015, section 2(1)). In addition, the Environmental Protection Act (1990) includes offences relevant to the environment, particularly when it comes to the waste treatment (UK Parliament, 1990).

Tort law-based legal and regulatory framework

Being a common law system, the UK legal framework relevant to corporate social responsibility also includes a possibility to establish a company's liability under tort law, that is, outside the statutory framework. Such a liability would be based on negligence in cases where the company owed a duty to the claimant and a breach of that duty would cause the claimant to suffer loss. Based on case law, the test for owing a duty would require that the occurred damage would be foreseeable, that a sufficiently proximate relationship between the parties would exist; and that imposing a duty of care would be fair, just and reasonable in all the circumstances (*Caparo Industries v Dickman* case; Smit *et al.*, 2020b, p. 312). Determining whether a breach of a duty existed, in turn, included analysing whether the defendant had failed to comply with what a reasonable person would do in those circumstances (*Blyth v The Company of Proprietors of The Birmingham Waterworks*). Most existing cases concerning tort liability under the framework of negligence have studied the matter in cases where the claims have been brought by the employees of subsidiaries (Smit *et al.*, 2020b, p. 312-313). The Supreme Court's decision in the case of *Vedanta Resources plc v Lungowe and Others* nonetheless confirms that the employment relationship is not a compulsory element for the success of such a claim (*Vedanta Resources plc v Lungowe and Others*, para. 44).

Although the Supreme Court's decision in the case of *Vedanta Resources plc v Lungowe and Others* concerned the jurisdiction of the UK courts to address the matter, the Supreme Court has confirmed that according to the UK tort law principles, a parent company may be held liable for a breach of a duty of care if an action of its foreign subsidiary causes damage (*Vedanta Resources plc v Lungowe and Others*, para. 54; *Okpabi & Others v Royal Dutch Shell Plc & Another*, para. 27; McCorquodale 2019). The Supreme Court further opined that adopting company-wide policies may be equivalent to adopting a duty of care (*Vedanta Resources plc v Lungowe and Others*, para. 52; Van Ho 2020). To establish this, the Court considered whether the parent company had "asserted its own assumption of responsibility for the maintenance of proper standards of environmental control over the activities of its subsidiaries" and had "laid down but also implemented those standards by training, monitoring and enforcement" (*Vedanta Resources plc v Lungowe and Others*, para.

61). Both *Vedanta* and *Okpabi* cases concerned the environmental damage, including the pollution of water resources, caused by subsidiaries.

Although tort law has been put forward as a tool to hold parent companies liable for environmental harm caused by their subsidiaries, it has been speculated that the Court's finding that a company's voluntary actions form the basis of its duty of care may lead to "a retreat on the part of parent companies from group-wide disclosure and control of subsidiaries" so that claims concerning the company's management and control of its subsidiaries are harder to make (Bradshaw, 2020, p. 147, also 149, 150). As a remedy for environmental harm, tort cases have also been criticized because "there is no guarantee that damages paid to claimants will be applied to environmental remediation" (Bradshaw, 2020, p. 149, 150).

Value chain-specific legal and regulatory framework

There is no value chain-specific legislation at the national level that would cover environmental issues or water stewardship in value chains. However, Waste and Resources Action Programme, which is a climate action non-governmental organisation, introduced the Courtauld Commitment in cooperation with the UK Government to tackle the issue of water stewardship not only in the companies' own operations but also throughout their value chains. The related 2030 Water Roadmap applies to food and drink businesses. The Roadmap is "an ambitious voluntary agreement [...] that brings together organisations across the food system to a make food and drink production and consumption more sustainable" (WRAP, 2021). The Roadmap constitutes a joint vision for protecting water resources that are critical for food supply. It identifies the actions needed from businesses to deliver the vision, sets out milestones for achieving the goal, envisages actions required for delivering the vision and sets out a reporting framework (WRAP, 2021).

Conclusion

In most cases studied in this report, there is a lack of explicit regulatory framework that would comprehensively cover value chains, even though in many cases human rights and environment-related due diligence requirements also follow from other legislation. The lack of explicit regulatory framework is particularly relevant in relation to water-related value chains, which have not been subjected to specific legal or regulatory framework in any of the studied jurisdictions.

However, the French Vigilance Law is an exception as it establishes the legal framework for environment-related value chains and has often been singled out as a frontrunner in the field of value chain management. Despite the Vigilance Law's innovative nature, realising water stewardship in value chains is nonetheless hindered by for instance the following issues:

- the lack of definition of the Vigilance Law's key terms, such as "the environment" and "human rights" as well as "risk" and "severe";
- the low number of companies that the vigilance duties apply to and the related problems of identifying these companies; and
- the "extremely high" burden of proof concerning e.g. damage and causality that falls on the claimant makes it difficult to guarantee effective remedies.

In the next phases of GOVAQUA, a more detailed case analysis of the French Vigilance Law will be carried out to further develop the understanding of how the Vigilance Law may be or has been used to support water stewardship in value chains, particularly in light of the lessons to be learned for transposing the CSDDD (Commission's proposal for a Directive on corporate sustainability due diligence) into the legal systems of the EU Member States.

Another innovative legal aspect that is relevant to water stewardship throughout a company's value chain is the role that litigation may play in fostering sensitivity to water issues throughout a company's value chain.

In the UK, such litigation may be grounded on tort law, whereas in France, the Vigilance Law recognizes civil liability as the form of enforcement. Furthermore, the CSDDD contains provisions on civil liability. Although it remains to be seen in which form such a civil liability requirement will be transposed to EU Member States' domestic legal systems, litigation may become a legal technique that has a bearing on realizing water stewardship.

Given that the statutory legal framework in the studied countries does not comprehensively recognize and cover water stewardship in value chains, various voluntary proposals on specific sectors have been developed. For instance, in the UK, the 2030 Courtauld Water Roadmap that applies to food and drink businesses has been developed to support water stewardship. Voluntary, sometimes sector-specific water stewardship initiatives also exist in Sweden and Finland. As is the case in Finland, such initiatives may build on recognizable international standards for water stewardship, including the Alliance for Water Stewardship's International Water Stewardship Standard. The future work under GOVAQUA will also attempt to distil the best practices relevant to water stewardship first developed as part of voluntary standards.

References

- Aureli, S., Salvatori, F. and Magnaghi, E. (2020). A Country-Comparative Analysis of the Transposition of the EU Non-Financial Directive: An Institutional Approach. *Accounting, Economics, and Law: A Convivium* 10 (2): 20180047. <https://doi.org/10.1515/ael-2018-0047>.
- AWS (Alliance for Water Stewardship) (2023). About the Alliance for Water Stewardship. Website. Last modified 2023. Available at: <https://a4ws.org/about/>. Last visited 4 July 2024.
- Bair, J. (2008). Global Commodity Chains: Genealogy and Review, in *Frontiers of Commodity Chain Research*. Stanford University Press, pp. 1–34.
- Blyth v The Company of Proprietors of The Birmingham Waterworks [1856] EWHC Exch J65.
- Bradshaw, C. (2020). Corporate Liability for Toxic Torts Abroad: Vedanta v Lungowe in the Supreme Court, *Journal of Environmental Law*, Volume 32, Issue 1, March 2020, Pages 139–150, <https://doi-org.libproxy.helsinki.fi/10.1093/jel/eqaa005>.
- Bright, C. (2018). Creating a Legislative Level Playing Field in Business and Human Rights at the European Level: Is the French Law on the Duty of Vigilance the Way Forward? SSRN Scholarly Paper. Rochester, NY. <https://doi.org/10.2139/ssrn.3262787>.
- Caparo Industries v Dickman* [1990] 1 All ER 568.
- CEO Water Mandate (2011). United Nations Global Compact. CEO Water Mandate. <https://ceowatermandate.org/>
- Comisión Nacional del Mercado de Valores (2015). Código de buen gobierno de las sociedades cotizadas. Good governance code for listed companies. Available at: https://www.cnmv.es/docportal/publicaciones/codigogov/codigo_buen_gobierno.pdf. Last visited 11 June 2024.
- Constitutional Court of France (2017). Décision n° 2017-750 DC du 23 mars 2017.
- Cossart, S., Chaplier, J. and Beau de Lomenie, T. (2017). The French Law on Duty of Care: A Historic Step Towards Making Globalization Work for All. *Business and Human Rights Journal* 2 (2): 317–23. <https://doi.org/10.1017/bhj.2017.14>.
- EC (2009). Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC.
- EC (2010). Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market.
- EC (2011). Communication from the commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Roadmap to a Resource Efficient Europe. COM(2011) 571.
- EC (2014). Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.
- EC (2017). Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.
- EC (2020). Communication from the commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. A new Circular Economy Action Plan For a cleaner and more competitive Europe.
- EC (2021). EU Code of Conduct on responsible food business and marketing practices.
- EC (2022a). DIRECTIVE (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.
- EC (2022b). Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937, 23.2.2022 COM(2022) 71 final 2022/0051 (COD).

- EC (2022c). Commission Staff Working Document, Follow-up to the second opinion of the Regulatory Scrutiny Board, Accompanying the document, Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937, SWD(2022) 39 final, 23 February 2022.
- EC (2023a). Annex to the Commission Delegated Regulation (EU) .../... supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.
- EC (2023b). Annex to the Commission Delegated Regulation (EU) .../... supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.
- EC (2023d). Commission Delegated Regulation (EU) .../... of 31.7.2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards.
- EP (European Parliament) (2023). Amendments adopted by the European Parliament on 1 June 2023 on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (COM(2022)0071 – C9-0050/2022 – 2022/0051(COD))1.
- EP (European Parliament) (2024). European Parliament legislative resolution of 24 April 2024 on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (COM(2022)0071 – C9-0050/2022 – 2022/0051(COD)).
- EWP (European Water Partnership) (2017). European Water Stewardship Standard. Available at: <https://irp-cdn.multiscreensite.com/12b9c9f9/files/uploaded/EWS%2BEuropean%20Water%20Stewardship%20Standard%20v2017.pdf>.
- Finnish Government (2005). The Government's proposal to Parliament for new limited liability company legislation, HE 109/2005 vp. Hallituksen esitys eduskunnalle uudeksi osakeyhtiölainsäädännöksi, HE 109/2005 vp.
- Finnish Government (2023). The Government's proposal to the Parliament to amend the Accounting Act and the Auditing Act, as well as some related acts, HE 20/2023 vp. Hallituksen esitys eduskunnalle laeiksi kirjanpitolain ja tilintarkastuslain muuttamisesta sekä eräiksi niihin liittyviksi laeiksi, HE 20/2023 vp.
- Finnish Parliament (2006). Limited Liability Companies Act (624/2006). Osakeyhtiölaki (624/2006).
- Finnish Parliament (1997). Accounting Act (1336/1997). Kirjanpitolaki (1336/1997).
- Finnish Parliament (2017). Environmental Code (527/2017). Ympäristönsuojelulaki (527/2017).
- Finnish Parliament (2011). Water Act (587/2011). Vesilaki (587/2011).
- Finnish Parliament (1994). Act on Compensation for Environmental Damage (737/1994). Laki ympäristövahinkojen korvaamisesta (737/1994).
- Foot, C. (2022). Towards Corporate Obligations for Freshwater? The European Commission's Proposal for a Corporate Sustainability Due Diligence Directive and Freshwater Issues'. *Erasmus Law Review*, 15(3), pp. 173–189. Available at: <https://doi.org/10.5553/ELR.000238>.
- Government Offices of Sweden (2017). The state's ownership policy and guidelines for state-owned enterprises 2017. Available at: <https://www.government.se/contentassets/c6382135343d45fe8685ab7fa53a2fa3/the-states-ownership-policy-and-guidelines-for-state-owned-enterprises-2017.pdf>. Last accessed 11 June 2024.
- Government Offices of Sweden (Regeringskansliet) (2021). Direktiv om tillbörlig aktsamhet för företag i fråga om hållbarhet. Fact memorandum 2021/22:FPM71. Available at: <https://data.riksdagen.se/fil/733768E4-2DE1-4987-8CE5-B0A7F0E825EE>. Last accessed 11 June 2024.
- Helminen, S., Alenius, J., Walta, V. and Donner, S. (2020). *Judicial Analysis on the Corporate Social Responsibility Act*. Publications of the Ministry of Economic Affairs and Employment 2020:44. ISBN: 978-952-327-553-9. Available

- at:
https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/162411/TEM_2020_44.pdf?sequence=1&isAllowed=y;%20. Last accessed 11 June 2024.
- ILO (2016). International Labour Office, Report IV Decent work in global supply chains, International Labour Conference, 105th Session, 2016. https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_468097.pdf.
- IFDH (International Federation for Human Rights) (2024). Suez case: the Paris Court of Appeal must ensure the effectiveness of the Law on the Duty of Vigilance. Website, last updated 4 March 2024. Available at: <https://www.fidh.org/en/issues/business-human-rights-environment/business-and-human-rights/suez-case-hearing-court-of-appeal>. Last visited 11 June 2024.
- Kaplinsky, R. and Morris, M. (2017). How Regulation and Standards Can Support Social and Environmental Dynamics in Global Value Chains. International Centre for Trade and Sustainable Development. Issue paper. <https://www.greenindustryplatform.org/sites/default/files/downloads/resource/How%20Regulation%20and%20Standards%20Can%20Support%20Social%20and%20Environmental%20Dynamics%20in%20Global%20Value%20Chains.pdf>
- [Lucas, O., Bromley, E., Steen, B. and Mhonda, M. \(2024\).](#) Water Stewardship: Current perspectives and approaches. Report prepared for British Standards Institution (BSI). National Centre for Social Research. Available at: <https://www.bsigroup.com/siteassets/pdf/en/insights-and-media/insights/white-papers/bsi-water-stewardship-final-findings-report-v5clean.pdf>.
- McKinsey (2009). The global corporate water footprint: Risks, opportunities, and management options. https://www.mckinsey.com/~media/mckinsey/dotcom/client_service/sustainability/pdfs/report_large_water_users.aspx.
- McCorquodale, R. (2019). Parent Companies can have a Duty of Care for Environmental and Human Rights Impacts: *Vedanta v Lungowe*. Cambridge Core Blog, 11 April 2019. Available at: <https://www-cambridge-org.libproxy.helsinki.fi/core/blog/2019/04/11/parent-companies-can-have-a-duty-of-care-for-environmental-and-human-rights-impacts-vedanta-v-lungowe/>. Last accessed 11 June 2024.
- Morgera, E. (2020). Corporate accountability in international environmental law. 2nd edn. Oxford; Oxford University Press.
- Mähönen, J. (2013). Ei-taloudellinen informaatio ja corporate governance. *Defensor Legis* 4/2013, p. 566–578.
- Ngangjoh-Hodu, Y. Gazzini, T., Kent, A., Siikavirta, K. and Morris, P. (2023). The proposed EU Corporate Sustainability Due Diligence Directive and its impact on LDCs: A Legal Analysis. Ministry for Foreign Affairs of Finland. ISBN 978-952-281-370-1.
- OECD (Organisation for Economic Co-operation and Development) (2023). OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. OECD Publishing, Paris. <https://doi.org/10.1787/81f92357-en>.
- Okpabi & Others v Royal Dutch Shell Plc & Another* [2021] UKSC 3.
- Palombo, D. (2019). The Duty of Care of the Parent Company: A Comparison between French Law, UK Precedents and the Swiss Proposals. *Business and Human Rights Journal* 4 (2): 265–86. <https://doi.org/10.1017/bhj.2019.15>.
- Pedersen, T., Deviney, T., Tihanyi, L., and Camufflo, A. (eds) (2017). Editors' Introduction, in *Breaking up the Global Value Chain: Opportunities and Consequences*. Emerald Publishing.
- Petrariu R, Constantin M, Dinu M, Pătărlăgeanu SR, Deaconu ME (2021) Water, Energy, Food, Waste Nexus: Between Synergy and Trade-Offs in Romania Based on Entrepreneurship and Economic Performance. *Energies*. 14(16):5172. <https://doi.org/10.3390/en14165172>.
- Puharinen, S.-T., Belinskij, A. and Sojamo, S. (2021). Yritysten vesivastuu oikeudellisesta näkökulmasta. *Ympäristöpolitiikka ja -oikeus*, XIV, p. 167.
- RF (République Française) (2001). The New Economic Regulations Law No 2001-420. Loi n° 2001-420 relative aux nouvelles régulations économiques.
- RF (République Française) (2014). Law no. 2014-773 of 7 July 2014 on the orientation and the programming related to the policy on development and international solidarity. Loi n° 2014-773 du 7 juillet 2014 d'orientation et de programmation relative à la politique de développement et de solidarité internationale.

- RF (République Française) (2017a). Vigilance Law no. 2017-399 of 27 March 2017 on the duty of care of parent companies and ordering companies. Loi n° 2017-399 du 27 mars 2017 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre.
- RF (République Française) (2017b). Ordinance No 2017-1180 of 19 July 2017 on the publication of non-financial information by certain large undertakings and groups of companies. Ordonnance No 2017-1180 du 19 juillet 2017 relative à la publication d'informations non financières par certaines grandes entreprises et certains groupes d'entreprises.
- RF (République Française) (2017c). Decree No 2017-1265 of 9 August 2017 for the application of Ordinance No 2017-1180 of 19 July 2017 on the publication of non-financial information by certain large undertakings and groups of companies. Décret No 2017-1265 du 9 août 2017 pris pour l'application de l'ordonnance No 2017-1180 du 19 juillet 2017 relative à la publication d'informations non financières par certaines grandes entreprises et certains groupes d'entreprises.
- RF (République Française) (2019). The Action Plan for Business Growth and Transformation (the "PACTE Law") No 2019-486. Loi n° 2019-486 du 22 mai 2019, Plan d'action pour la croissance et la transformation des entreprises (Loi Pacte).
- RF (République Française) (2023a). Law no. 2023-171 of 9 March 2023 relating to various provisions for adaptation to European Union law in the fields of economy, health, work, transport and agriculture. Loi n° 2023-171 du 9 mars 2023 portant diverses dispositions d'adaptation au droit de l'Union européenne dans les domaines de l'économie, de la santé, du travail, des transports et de l'agriculture.
- RF (République Française) (2023b). Ordinance No. 2023-1142 of 6 December 2023 relating to the publication and certification of information regarding sustainability and the environmental, social and corporate governance obligations of commercial companies. Ordonnance n° 2023-1142 du 6 décembre 2023 relative à la publication et à la certification d'informations en matière de durabilité et aux obligations environnementales, sociales et de gouvernement d'entreprise des sociétés commerciales.
- Romanian Government (2005a). Government Emergency Ordinance no. 195/2005 on environmental protection, published in the State Gazette no. 1196 of December 30, 2005. Ordonanță de urgență nr. 195 din 22 decembrie 2005 privind protecția mediului.
- Romanian Government (2005b). Government Emergency Ordinance no. 195/2005 on integrated pollution prevention and control, published in the State Gazette no. 1078/30 November 2005. Ordonanță de urgență nr. 152 din 10 noiembrie 2005 privind prevenirea și controlul integrat al poluării.
- Romanian Government (2006). Decision no. 1213 of 6 September 2006 regarding the establishment of the framework procedure for assessing the impact on the environment for certain public and private projects, published in the State Gazette no. 802 of 25 September 2006.
- Romanian Government (2016). Order no. 1938 of 17 August 2016 regarding the modification and completion of some accounting regulations, published in the Romanian State Gazette No. 680 on September 2, 2016. Ordin nr. 1.938 din 17 august 2016 privind modificarea și completarea unor reglementări contabile.
- Romanian Government (2018). Decision no. 877 of 9 November 2018 regarding the adoption of the National Strategy for the Sustainable Development of Romania 2030, published in the Romanian State Gazette No. 985 of 21 November 2018. Hotărâre nr. 877 din 9 noiembrie 2018 privind adoptarea Strategiei naționale pentru dezvoltarea durabilă a României 2030.
- Romanian Government (2022). Decision no. 107 of 29 June 2022 on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - EU strategy for sustainable and circular textiles - COM(2022) 141 final, published in the Romanian State Gazette No. 664 of 4 July 2022. Hotărâre nr. 107 din 29 iunie 2022 referitoare la Comunicarea Comisiei către Parlamentul European, Consiliu, Comitetul Economic și Social European și Comitetul Regiunilor - Strategia UE pentru textilele sustenabile și circulare - COM(2022) 141 final.
- Romanian Government (2024). Order no. 85 of 12 January 2024 for the regulation of sustainability reporting issues, published in the Romanian State Gazette No. 75 of 26 January 2024. ORDIN nr. 85 din 12 ianuarie 2024 pentru reglementarea aspectelor referitoare la raportarea privind durabilitatea, publicat în monitorul oficial nr. 75 din 26 ianuarie 2024.
- Romanian Parliament (1996). Water Law, no. 107 of 25 September 1996. Legea apelor. Lege nr. 107 din 25 septembrie 1996.

- Romanian Parliament (2024). Law no. 96 of 12 April 2024, for the approval of Government Ordinance no. 7/2023 on the quality of water intended for human consumption, published in the Romanian Gazette No. 351 of 15 April 2024. Lege nr. 96 din 12 aprilie 2024 pentru aprobarea Ordonanței Guvernului nr. 7/2023 privind calitatea apei destinate consumului uman.
- Salminen, J. and Rajavuori, M. (2019). Transnational sustainability laws and the regulation of global value chains: comparison and a framework for analysis. *Maastricht Journal of European and Comparative Law*, 26(5), p. 602. Available at: <https://doi.org/10.1177/1023263X19871025>. Savourey, E. and Brabant, S. (2021). The French Law on the Duty of Vigilance: Theoretical and Practical Challenges Since Its Adoption. *Business and Human Rights Journal* 6 (1): 141–52. <https://doi.org/10.1017/bhj.2020.30>.
- Schilling-Vacaflor, A. (2021). Putting the French Duty of Vigilance Law in Context: Towards Corporate Accountability for Human Rights Violations in the Global South? *Human Rights Review* 22 (1): 109–27. <https://doi.org/10.1007/s12142-020-00607-9>.
- SG (Spanish Government) (year not known). Prior public consultation. Preliminary draft law for the protection of human rights, sustainability and due diligence in transnational business activities. Consulta pública previa. Anteproyecto de ley de protección de los derechos humanos, de la sostenibilidad y de la diligencia debida en las actividades empresariales transnacionales. Available at: <https://www.mdsocialesa2030.gob.es/agenda2030/documentos/220208-consulta-publica-definitiva.pdf>.
- SG (Spanish Government) (2007). Law 26/2007, of October 23, on Environmental Liability. Ley 26/2007, de 23 de octubre, de Responsabilidad Medioambiental.
- SG (Spanish Government) (2011). Sustainable Economy Law 2/2011 of 4 March 2011. Ley 2/2011, de 4 de marzo, de Economía Sostenible.
- SG (Spanish Government) (2013a). Law 12/2013, of 2 August on measures to improve the functioning of the food supply chain. Ley 12/2013, de 2 de agosto, de medidas para mejorar el funcionamiento de la cadena alimentaria.
- SG (Spanish Government) (2013b). Law 21/2013, of 9 December 2013, on Environmental Assessment. Ley 21/2013, de 9 de diciembre, de evaluación ambiental.
- SG (Spanish Government) (2016). Order ESS/1554/2016, of September 29, which regulates the procedure for the registration and publication of social responsibility and sustainability reports of companies, organizations and public administrations. Orden ESS/1554/2016, de 29 de septiembre, por la que se regula el procedimiento para el registro y publicación de las memorias de responsabilidad social y de sostenibilidad de las empresas, organizaciones y administraciones públicas.
- SG (Spanish Government) (2018). Law 11/2018, of December 28, modifying the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Account Audit, on non-financial information and diversity. Ley 11/2018, de 28 de diciembre, por la que se modifica el Código de Comercio, el texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio, y la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas, en materia de información no financiera y diversidad.
- SG (Spanish Government) (2021). Law 16/2021, of December 14, which modifies Law 12/2013, of August 2, on measures to improve the functioning of the food chain. Ley 16/2021, de 14 de diciembre, por la que se modifica la Ley 12/2013, de 2 de agosto, de medidas para mejorar el funcionamiento de la cadena alimentaria.
- SG (Spanish Government) (2023). Royal Decree 445/2023 of 13 June amending Annexes I, II and III of Law 21/2013 of 9 December on environmental assessment. Real Decreto 445/2023, de 13 de junio, por el que se modifican los anexos I, II y III de la Ley 21/2013, de 9 de diciembre, de evaluación ambiental.
- Smit, L., Bright, C., McCorquodale, R., Bauer, M., Deringer, H., Baeza-Breinbauer, D., Torres-Cortés, F., Alleweldt, F., Kara, S., Salinier, C. and Tejero Tobed, H. (2020a). Study on due diligence requirements through the supply chain. Final report. European Commission, Directorate-General for Justice and Consumers. Publications Office. Available at: <https://data.europa.eu/doi/10.2838/39830>. Last visited 11 June 2024.
- Smit, L., Bright, C., McCorquodale, R., Bauer, M., Deringer, H., Baeza-Breinbauer, D., Torres-Cortés, F., Alleweldt, F., Kara, S., Salinier, C. and Tejero Tobed, H. (2020b). Study on due diligence requirements through the supply chain. Part III, country reports, European Commission, Directorate-General for Justice and Consumers. Publications Office. Available at: <https://data.europa.eu/doi/10.2838/703732>. Last visited 11 June 2024.
- Sojamo, S., Salminen, J., Puharinen, S.-T., Belinskij, A., Halonen, M., Heikinheimo, E., Saari, P., Airaksinen, J., Illman, J., Behm, K., Reinikainen, A. and Usva, K. (2021). *Vesivastuullinen Suomi 2030 – parhaat käytänteet, ohjaukset ja*

- toimintamallit. Government Office, Helsinki. ISBN: 978-952-383-310-4. Available at: https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/163047/VNTEAS_2021_26.pdf?sequence=1&isAllowed=y. Last accessed 11 June 2024.
- Sojamo, S. and Rudebeck, T. (2024). Corporate engagement in water policy and governance: A literature review on water stewardship and water security. *Water Alternatives* 17(2): 292–324.
- Sorsa, K. (2010). Itsesääntely ja yhteiskuntavastuu, OPTULA 14/2010; TEM reports 45/2010. ISBN: 978-952-327-553-9. Available at: <https://tem.fi/documents/1410877/2869440/Itses%C3%A4%C3%A4ntely+ja+yhteiskuntavastuu.pdf/4283142a-3faa-4d2e-82da-5c9af1a15482/Itses%C3%A4%C3%A4ntely+ja+yhteiskuntavastuu.pdf?t=1465550166000>. Last visited 11 June 2024.
- Swedish Parliament (1995). Annual Accounts Act (1995:1554). Årsredovisningslag (1995:1554).
- Swedish Parliament (1998). Environmental Code (1998:808). Miljöbalk (1998:808).
- Swedish Water House (not known). Water journey. Archived website. Available at: <https://web.archive.org/web/20191020111352/http://waterjourney.swedishwaterhouse.se/about-the-project/>. Last visited 11 June 2024.
- Swedish Water House (2014). Sustainable Textile Water Initiative (STWI). Website, last updated [not known]. Available at: <https://siwi.org/sustainable-textile-water-initiative/>. Last accessed 11 June 2024.
- UK Parliament (1990). Environmental Protection Act 1990.
- UK Parliament (2006). Companies Act 2006.
- UK Parliament (2015). Modern Slavery Act 2015 (MSA).
- UK Parliament (2017). Environmental Damage (Prevention and Remediation) (England) Regulations 2015.
- UN (United Nations) (2000). Global Compact. Available at: <https://www.unglobalcompact.org/what-is-gc/mission/principles>.
- Van Ho, T. (2020). *Vedanta Resources Plc and Another v. Lungowe and Others*. *American Journal of International Law* 114(1):110-116. doi:10.1017/ajil.2019.77.
- Vedanta Resources plc v Lungowe and Others* [2019] UKSC 20.
- Vos, J. and Boelens, R. (2014). Sustainability Standards and the Water Question. *Development and Change* 45(2): 205-230. <https://doi-org.libproxy.helsinki.fi/10.1111/dech.12083>.
- WRAP (Waste and Resources Action Programme) (2021). A roadmap towards water security for food & drink supply. Available at: <https://wrap.org.uk/sites/default/files/2021-12/WRAP-A-Roadmap-Towards-Water-Security-for-Food-and-Drink-Supply.pdf>. Last accessed 11 June 2024.