

# Liability of companies for environmental damage

2020/2027(INI) - 06/04/2021 - Committee report tabled for plenary, single reading

The Committee on Legal Affairs adopted the own-initiative report by Antonius MANDERS (EPP, NL) on the liability of companies for environmental damage.

The report noted that ensuring liability for environmental damage is key to making European businesses more sustainable in the long term. Such an achievement is closely interlinked through the development of related legislation on corporate due diligence, corporate social accountability and sustainable corporate governance.

## ***General observations***

Members welcomed the Commission's efforts to assess and bridge gaps in the implementation of the Environmental Liability Directive (ELD) and the Environmental Crime Directive (ECD) across the Member States.

They considered that additional efforts are required to ensure regulatory standardisation in the EU and increased public confidence in the effectiveness of EU laws in order to prevent and remedy environmental damage more effectively and strike the right balance between corporate concerns and environmental protection.

Members regretted that environmental crimes are among the most profitable forms of transnational criminal activity. In this regard, they called on the Commission and the Member States, to allocate appropriate financial and human resources to preventing, investigating and prosecuting environmental crimes, and to increase the expertise of the authorities involved, including prosecutors and judges, with a view to more effectively prosecuting and sanctioning environmental crime.

Member States are called up on to set up or reinforce specialised units within their national police services at the appropriate levels for the investigation of environmental offences.

## ***Recommendations***

Members considered that, given the purpose of the ELD is to prevent and remedy environmental damage, a future regulation (Environmental Liability Regulation) should be applicable to all companies that operate in the EU, regardless of where they have been incorporated or where they are based, and that a holistic approach and reciprocity are necessary to meet the needs of companies in a global economy.

The report called on the Commission to:

- explore the possibility of extending the mandate of the European Public Prosecutor's Office (EPPO), once it is fully established and fully functional, to cover environmental offences;
- consider the adoption of an overall framework directive on environmental offences and effective and proportionate sanctions;
- assess the introduction of a mandatory financial security system (covering insurance, bank guarantees, company pools, securities and bonds or funds) with a maximum threshold per case, aiming to prevent taxpayers from having to bear the costs resulting from remediation of environmental damage;

- develop a harmonised EU methodology for calculating the maximum liability threshold;
- compile a study on the introduction of an ELD financial compensation scheme at EU or national level for cases where available remedies are inadequate given the extent of the damage;
- ensure that corporate social responsibility in preventing and remedying environmental harm is taken into account in procurement contracts and the allocation of public funds;
- come forward with a proposal for environmental inspections at EU level without further delay;
- promote action by the EU, its Member States and the international community to step up efforts against environmental crime.