

Third-party verification is key to successful corporate sustainability due diligence

20 May 2022

Introduction

The TIC Council welcomes the European Commission's proposal for a Directive on Corporate Sustainability Due Diligence. We expect it to act as a cornerstone in implementing and enforcing human rights and environmental protection.

Ensuring robust verification processes meant for addressing and adequately mitigating identified adverse effects will be key pillar of the Directive's success. The testing, inspection and certification (TIC) sector will contribute to this effect.

Ensure that all measures against adverse effects are subject to third party verification (articles 7 and 8)

We recommend that "industry initiatives", which will develop the procedures to prevent and mitigate identified adverse effects, should always be subject to independent third-party verifications, as foreseen in the European Commission's proposal.

Governments, industry associations or groupings of interested organisations have the necessary experience regarding their geographical region or sectorial needs to develop the most appropriate initiatives.

Nevertheless, the industrial initiatives might be harmed by cases of non-compliance – intentional or not – if implementation is not verified by a third party. Broad non-compliance levels would undermine the Directive's reputation in business community and other stakeholders.

Ensure verifiers' impartiality and international footprint by entrusting accredited conformity assessment bodies (article 3)

We recommend amending the definition of "independent third-party verification" to ensure that only accredited bodies, which are established as legal persons, would be allowed to conduct verification regarding the implementation of the contractual assurances to prevent and mitigate identified adverse effects (articles 7 and 8).

These bodies should also be external to the companies in question. Internal auditors may lack the necessary distance from the company to properly examine and report potential breaches of contractual agreements with business partners.

We consider that accredited legal entities have the necessary impartiality, international footprint, expertise in personnel and technical capacity to conduct thorough verification. They offer the following guarantees:

- they apply the "four eyes" principle, which mitigates independence and integrity risks.
- they have collective competence that offers broad application of knowledge and skills instead of specialisation in one field.
- they take measures for business continuity (liability and stand-in arrangements).

Improper verification could also cause unfair competition among companies subject to the Directive, as some would not be obliged to end non-compliant business relations.

Facilitate the work of supervisory authorities (article 17)

The TIC sector recommends enabling supervisory authorities to use accredited companies for independent third-party verification of the companies' compliance with the provisions of the Directive.

The TIC sector has the necessary mechanisms to ensure its impartiality and independence when conducting such tasks for supervisory authorities.

More importantly, commissioning these tasks to the TIC sector would enable supervisory authorities to increase the number of compliance controls, use their in-house resources efficiently and overall ensure a better implementation rate of the Directive.

TIC sector's contribution corporate due diligence

The testing, inspection and certification (TIC) sector has a longstanding experience with assisting companies to make informed decisions and monitor their business relations regarding potential adverse effects to environment or human rights.

Companies entrust the TIC sector to conduct due diligence on their behalf, either voluntarily or under existing sectorial rules that are applicable worldwide. Thanks to the third-party verification, they can base their decisions on detailed, impartial and reliable results.

Due diligence services by the TIC sector include:

- on-site audits to assess the maturity of a company's processes and specifications to fulfil the due diligence obligations.
- specialized audits for sectorial due diligence obligations, such as conflict minerals and the rule for preventing and combatting trafficking in human beings.
- conduct periodic assessments of companies' operations and measures regarding the effectiveness of their own due diligence policies (article 10)

Finally, it is worth mentioning that all TIC Council members abide to a third-party audited [compliance code](#) which ensures that they conduct due diligence in their own supply chain. In particular, TIC Council members have to systematically provide proof of the measures they take:

- against bribery
- for employees, customers and third parties' health and safety
- for fair labor and respect of human rights for their employees, the people and communities within which they operate.

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TIC Council is a global association representing over 90 international independent third-party testing, inspection, certification and verification organisations. Testing, Inspection and Certification (TIC) companies cater to a diverse range of industry sectors and a variety of standards and legislation. The industry represents an estimated one million employees across the world with annual sales of approximately USD 200 billion. For further information please see the [Report on the TIC sector](#)