



**GIBSON DUNN**

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## **France – Duty of Vigilance: Landmark Decision Confirming Parent Company Liability for Overseas Subsidiary Conduct – March 2026**

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### **Key Takeaways**

On 12 March 2026, in a landmark ruling<sup>[1]</sup>, the Paris Judicial Court held a French parent company liable under France's Duty of Vigilance Law for violations of trade union rights committed by its Turkish subsidiary.

France's 2017 Duty of Vigilance Law requires large French parent companies to adopt and implement a public vigilance plan to identify, prevent, and mitigate severe human-rights and environmental risks across their operations and value chains, with possible court-ordered measures and civil liability for failures. At EU level, the Corporate Sustainability Due Diligence Directive<sup>[2]</sup> (often abbreviated CSDDD/CS3D) aims to harmonize such duties; until it is fully adopted and transposed, the French law continues to apply and is likely to shape implementation.

The decision is not final and may be appealed. As the regime governing duty of vigilance claims is still in its infancy, it still sets an important precedent. It was issued by the specialised chamber of the Paris Judicial Court, which has exclusive jurisdiction over these matters at French national level. This matter offered the court an opportunity to rule on several recurring issues. It is the first time a French company has been ordered to compensate damages arising from a foreign subsidiary's activities under the Duty of Vigilance Law. It is also among the first clear examples of extraterritorial application. Groups with a controlling entity in France and international operations should therefore pay close attention.

## **Background**

The dispute arose from a wave of dismissals carried out in 2018–2019 at a Turkish subsidiary of the French group Yves Rocher. Following a unionization campaign, nearly 30% of the subsidiary's workforce was dismissed shortly after joining the union. After commissioning an audit, the French parent company ultimately intervened and collective negotiations took place, resulting in a settlement agreement that most of the dismissed employees accepted in 2019. Nonetheless, claims were brought before the Paris Judicial Court against the French parent company by former employees of the Turkish subsidiary, together with a Turkish trade union and two French NGOs. The claimants alleged serious violations of fundamental rights and freedoms—particularly trade union rights—and a breach by the French parent company of its statutory duty of vigilance. The Turkish subsidiary was sold in 2024; the claimants therefore limited their requests to compensation for damages.

## **Court's Analysis**

### **France's Duty of Vigilance Law as an Overriding Mandatory Provision**

On the merits, the Court considered whether the French Duty of Vigilance Law applied to harm occurring in Turkey or whether Turkish law should prevail under the Rome II Regulation<sup>[3]</sup>. While the Court acknowledged that Turkish law would ordinarily apply as the law of the place where the damage occurred, it ultimately characterized Article L. 225-102-2 of the Commercial Code as an overriding mandatory provision within the meaning of Article 16 of Rome II, thereby displacing Turkish law. The Court reasoned that the Duty of Vigilance Law is among those provisions whose observance is regarded as crucial by the State for safeguarding its fundamental interests in light of the statute's legislative history, relevant international standards, and the trajectory of the CSDDD. The Court anticipated the imminent transposition of the CSDDD as amended by the Omnibus I Directive<sup>[4]</sup>. It noted that the establishment of a harmonized liability regime for corporate civil liability and the standardization of the definition of what constitutes overriding mandatory provision had been removed from the CSDDD but that Member States are not precluded from adopting or maintaining their own specific regimes. Such national regimes may be established to fully achieve the directive's objectives, namely remedying the adverse impacts of corporate activities on human rights and the environment, and ensuring victims' access to justice. The Court emphasized that this special regime is designed to facilitate access to remedies before French courts for damage caused in France or abroad by French companies and their upstream or downstream business partners<sup>[5]</sup>.

## **Statute of Limitation**

Regarding the statute of limitations applicable to the plaintiffs' claims for damages, the court ruled that the limitation period follows the law governing the merits of the case. Furthermore, the court determined that the starting point for the limitation period should be counted from the publication of the vigilance plan in June 2020—when the plaintiffs were able, for the first time, to review the alleged shortcomings—and not from the dismissals that took place in 2018.

## **Legal Standing**

As to standing, the Court noted that the defendant had not provided for any reason to contest the standing of the NGOs and the trade union<sup>[6]</sup>. Of the 81 individual claimants, however, the Court held that only nine retained standing. For the remainder, the Court found that the 2019 settlement agreements expressly stated that all claims and rights had been satisfied and indemnified, such that no residual claim remained to be compensated.

## **Prior Formal Notice**

For compensatory claims, the Court held that Article L. 225-102-2 of the Commercial Code does not require a prior letter of formal notice (*mise en demeure*). By contrast, applications for injunctive relief—seeking an order to establish, implement, or improve the vigilance plan—must be preceded by such notice.

## **Deficiencies in Risk Mapping**

The Court found that the French parent company failed in preparing the risk mapping in its vigilance plans, which omitted analysis of risks arising from the group's subsidiaries and focused instead on suppliers, subcontractors, and at-risk purchases. In the Court's view, the company had sufficient information to identify a high risk of infringement of trade union freedom at the Turkish subsidiary. The Court noted that this deficiency had been identified by the company's own auditors. The Court underscored that risk mapping is the primary measure in a vigilance plan, as it determines the actions required to reduce risks, prevent serious harm, and implement monitoring.

## **Causation and Proof**

Having established that the claimant employees were dismissed because of their union membership and suffered personal harm, the Court found a causal link between deficiencies in the 2017 and 2018 vigilance plans and that harm. The Court reasoned that a proper assessment of the severity of risks to trade union freedom arising from the Turkish subsidiary's activities was both possible and would have enabled the company to avoid the harm suffered by the dismissed employees. Notably, relying on a due-diligence report prepared prior to the acquisition of the Turkish subsidiary, the Court observed that the French parent company had sufficient information to identify the risk of serious harm to trade union freedom and, by claiming to have responded

immediately through an action plan implemented in June 2018, effectively acknowledged it had the power and means to intervene.

## Assessment of Damages

This initial judgment against a French company for actions committed abroad by a subsidiary has set a notable precedent on the merits. However, the total amount of damages awarded was minimal, including only a symbolic €1 granted to each NGO as recognition of the moral harm caused by the parent company's lack of vigilance. The judgement is immediately enforceable. The Yves Rocher group has indicated that it is reviewing the ruling and will decide whether to appeal.

## Practical Implications

Following the La Poste litigation in 2023 and 2025<sup>[1]</sup>, this is the second time a French company has been held liable for duty-of-vigilance failures, and once again it concerns fundamental rights at work. While the La Poste rulings focused on the preventive aspect (bringing the vigilance plan into compliance), the Yves Rocher judgment activates for the first time the compensatory aspect of the statute by demonstrating that companies may be ordered to compensate victims for failures in their vigilance obligations tied to harm occurring within foreign subsidiaries. By classifying the Duty of Vigilance Law as a *loi de police* (overriding mandatory provision), the ruling confirms the statute's extraterritorial reach and underscores the risk that individuals, NGOs, and trade unions can bring claims before French courts for failures in vigilance obligations relating to harm suffered abroad.

<sup>[1]</sup> Paris Judicial Court, 34th Chamber, 12 March 2026, No. 22/04017 (Yves Rocher).

<sup>[2]</sup> Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence.

<sup>[3]</sup> <sup>1</sup> Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations ("Rome II"), which lays down uniform rules across the European Union to determine the applicable law in cross-border tort and delict cases.

<sup>[4]</sup> Directive of the European Parliament and of the Council of 24 february 2026 amending Directives 006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements.

<sup>[5]</sup> See para 76 and 78 of the judgment: The Court refers to the notion of chain of activities defined at Article 3 (g) of the CSDDD.

<sup>[6]</sup> The Court noted at paragraph 129 that the admissibility of the legal persons (the associations and the trade union) was challenged by the defendant, but this objection was not supported by any specific grounds relating to these entities that could bar their claims before examination on the merits, and was therefore dismissed.

[\[7\]](#) Paris Court of Appeal, Pôle 5 – 12th Chamber, 17 June 2025, RG No. 24/05193, affirming Paris Judicial Court, 5 December 2023, RG No. 21/15827 (SUD-PTT v. La Poste).

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