



The European Business Network for
Corporate Sustainability & Responsibility

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What to expect from the EU Directive on Corporate Sustainability Due Diligence?

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The European Green Deal

An avalanche of measures for a climate neutral Europe by 2050



The Corporate Sustainability Due Diligence Directive

Which companies will be impact

The **scope** of the CSDDD is as follows:

		LARGE EU LIMITED LIABILITY COMPANIES	NON-EU COMPANIES	SMALL AND MEDIUM ENTERPRISES
GROUP 1 (2025)	500+ employees and more than net €150 million of turnover*	+/- 9,400 companies	+/- 2,600 companies	Micro companies and small and medium enterprises (SMEs) are not directly concerned by the proposed rules.
GROUP 2 (2027)	250+ employees and more than net €40 million of turnover*, operating in defined high impact sectors. The rules will apply to this group 2 years later than to group 1.	+/- 3,400 companies	+/- 1,400 companies	

High impact sectors - Group 2 companies

GARMENT & FOOTWEAR: Manufacture of textiles, leather and related products including footwear and the wholesale trade of textiles, clothing and footwear

AGRICULTURE: Agriculture, forestry, fisheries including aquaculture, manufacture of food products and the wholesale trade of agricultural raw materials, live animals, wood, food and beverages

MINERALS: Extraction of mineral resources, manufacture of basic metal products, other non-metallic mineral products and fabricated metal products and the wholesale trade of mineral products and fabricated metal products, the wholesale trade of mineral resources

The Corporate Sustainability Due Diligence Directive

The requirements

For group 2 companies:

Due diligence only for severe adverse impacts



CORPORATE DUE DILIGENCE DUTY

- A horizontal framework to foster the respect of the human rights and environment by companies in their **own operations** and **through their entire value chains ('established business relationships')**
- This shall happen through six steps: identifying, preventing, mitigating and accounting for their adverse human rights, and environmental impacts, and having adequate governance, management systems and measures in place to this end

DUTIES FOR DIRECTORS

Due diligence: setting up and overseeing the due diligence processes and integrating due diligence into the corporate strategy. Report to the board.

Duty of care: when fulfilling their duty to act in the best interest of the company, take into account the human rights, climate change and environmental consequences.

The rules of directors' duties will be enforced through existing Member States' laws on director obligations and violations thereof.

The Corporate Sustainability Due Diligence Directive

Where the institutions stand

	European Commission 	Council of the EU 	European Parliament 
Material Scope	- Entire Value Chain.	- Chain of activities.	- Entire Value Chain. - Good governance risks.
Application	- Established business relationship.	- Business partner.	- Deleting the focus on established business relationships.
Timing	- No phased-in.	- Phase-in period, based on the size of a company.	- No phased-in. - Lowering the threshold of companies. - Extended list of high-impact sectors.
Directors' Duties	- Duty of care.	- Removed all provisions related to directors' duty of care.	- Duty of care.
Climate Change	- Adopt a plan compatible with the transition to a sustainable economy.	- The Council maintains Art. 15 on climate change.	- Significant portion of directors' remuneration linked to the implementation of these measure.
Liability	- Member States will be tasked with ensuring victims are eligible for compensation for damages resulting from violation (civil liability).	- Liability is ruled out when the damage was only caused by a company's business partner.	- Reducing the burden of proof in favour of the claimants. - Allow to take legal action before the European courts against the companies that committed these violations

The Corporate Sustainability Due Diligence Directive

The comparison with the German Supply Chain Act

	CS3D 	GSCA 
Scope	<ul style="list-style-type: none"> - Group 1: 500+ employees and more than net €150 million of turnover (EU and not EU). - Group 2: 250+ employees and more than net €40 million of turnover*, operating in defined high impact sectors (EU and not EU). 	<ul style="list-style-type: none"> - German companies with more than 3000 employees in the country - From 2024: German companies and branches with more than 1000 employees
Requirements	<ul style="list-style-type: none"> ✓ Companies will be obliged to implement a due diligence process to identify actual and potential adverse impacts on Environment and Human Rights through six steps. ✓ Policies shall be updated every year ✓ Complaint procedure mandatory. ✓ Applicable to own operations, entire value chain and subsidiaries. 	<ul style="list-style-type: none"> ✓ Process in place to identify, prevent or minimise risks on human rights and the environment. ✓ Companies will have to publish a report annually outlining the steps they have taken to identify and avert human rights risks. ✓ Complaint procedure mandatory. ✓ Applicable to own business area, contractual partners and indirect suppliers.
Liability	<ul style="list-style-type: none"> - Member states will take care of implementing administrative and pecuniary sanctions. - Civil liability. 	<ul style="list-style-type: none"> - Fines according to severity of violation - Standards compliance to be assessed by the Federal Office of Economics and Export Control (BAFA). - No civil liability.
Entry into force	<ul style="list-style-type: none"> - Group 1: 2025 - Group 2: 2027 	<ul style="list-style-type: none"> - 2023

The Corporate Sustainability Reporting Directive

Application Timeline





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Thanks for your attention!

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