



# WHAT IS THE CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE (CSDDD)

## OVERVIEW

The Corporate Sustainability Due Diligence Directive (CSDDD) is a legislative initiative by the European Union aimed at embedding sustainability and human rights considerations into the core operations of companies. The directive seeks to address the adverse impacts of corporate activities on human rights and the environment across global value chains. By imposing mandatory due diligence requirements, the CSDDD aims to ensure that companies identify, prevent, mitigate, and account for their impacts on people and the planet.

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## DETAILS

The primary objectives of the CSDDD are to:

- 1. Promote Responsible Business Conduct**  
Ensure that companies operate responsibly by integrating human rights and environmental considerations into their decision-making processes.
- 2. Enhance Transparency and Accountability**  
Improve the transparency of corporate operations and hold companies accountable for their impacts on human rights and the environment.

### 3. Foster Sustainable Development

Contribute to sustainable development goals by mitigating negative impacts and promoting positive outcomes throughout global value chains.

## Applicability of the CSDDD

The CSDDD applies to a broad range of companies, including:

1. **Large EU Companies:** Companies with more than 500 employees and a net worldwide turnover exceeding €150 million.
2. **High-Risk Sectors:** Companies with more than 250 employees and a net worldwide turnover exceeding €40 million, operating in high-risk sectors such as textiles, agriculture, and minerals.
3. **Non-EU Companies:** Non-EU companies generating a net turnover above the specified thresholds within the EU market are also subject to the CSDDD.

## Key Due Diligence Requirements

Under the CSDDD, companies must implement a robust due diligence process that includes the following steps:

1. **Identify and Assess Risks:**  
Companies are required to identify and assess actual and potential adverse impacts on human rights and the environment within their own operations, their subsidiaries, and their value chains.
2. **Prevent and Mitigate Impacts:**  
Companies must take appropriate measures to prevent, mitigate, or cease identified adverse impacts. This involves developing and implementing policies and action plans to address the risks.
3. **Monitor Effectiveness:**  
Continuous monitoring of the effectiveness of the due diligence measures is mandatory. Companies must regularly evaluate and update their strategies to ensure ongoing compliance and improvement.
4. **Report on Due Diligence:**  
Transparency is a core component of the CSDDD. Companies are required to publicly report on their due diligence efforts, including the identified risks, measures taken, and the outcomes of these actions.
5. **Establish Grievance Mechanisms (Remediation):**  
Companies must establish or participate in grievance mechanisms to provide affected individuals and communities with access to remedies. This includes facilitating the reporting of adverse impacts and addressing complaints.

## Key Specific Topics

The CSDDD covers a wide range of specific topics to ensure comprehensive due diligence:

### 1. Human Rights

- Labor Rights: Addressing issues such as forced labour, child labour, fair wages, and safe working conditions.
- Community Rights: Ensuring the protection of communities affected by corporate activities, including land rights and access to resources.

### 2. Environmental Protection:

- Climate Change: Mitigating contributions to climate change through reduced emissions and sustainable practices.
- Biodiversity: Preventing harm to biodiversity and ecosystems by adopting sustainable resource management practices.
- Pollution Control: Reducing pollution and managing waste to minimise environmental impacts.

### 3. Governance and Ethics:

- Anti-Corruption: Implementing measures to prevent corruption and promote ethical business practices.
- Corporate Governance: Ensuring that sustainability and human rights are integrated into corporate governance frameworks and decision-making processes.

The Corporate Sustainability Due Diligence Directive (CSDDD) represents a significant step forward in promoting responsible business conduct and sustainable development. By imposing rigorous due diligence requirements, the CSDDD ensures that companies operating within the EU, as well as those engaged in the EU market, are held accountable for their impacts on human rights and the environment. The directive fosters greater transparency, accountability, and sustainability, aligning corporate activities with broader societal and environmental goals.

For more detailed information on the CSDDD, please refer to the [European Financial Reporting Advisory Group \(EFRAG\)](#) website, or alternatively, contact us at [info@envionas.com](mailto:info@envionas.com).