

ANY GUIDELINES FOR THE EU'S CORPORATE **SUSTAINABILITY** DUE DILIGENCE (CSDDD)?



INTRODUCTION:

- **Recognize the changing landscape as the EU's CSDDD provisional agreement was reached in December 2023, signaling the end of companies neglecting their supply chain impacts.**



1. ADOPTION AND IMPLEMENTATION TIMELINE:

- **Understand that once adopted, member states have two years to incorporate CSDDD into national law, likely starting to affect companies, especially larger ones, in a phased manner from 2026 onwards.**



2. IMPORTANCE OF AWARENESS:

- **Acknowledge the urgency for companies to grasp the implications of CSDDD and how it can impact their organization, emphasizing that non-compliance comes with significant costs.**



3. CSDDD'S PURPOSE:

- **Understand that CSDDD aims to make EU-based companies more responsible for social and environmental impacts, introducing rules for human rights and environmental due diligence throughout the value chain.**



4. SCOPE OF APPLICABILITY:

- **Identify the entities to which CSDDD applies, including EU-based companies with 500+ employees, parent companies meeting specific criteria, and non-EU companies with a qualifying turnover.**



5. DIRECTIVE'S REQUIREMENTS:

- Familiarize yourself with the corporate due diligence duty introduced by CSDDD, which includes identifying, preventing, mitigating, and accounting for adverse human rights and environmental impacts throughout operations and value chains.



6. MANDATORY DUE DILIGENCE STEPS:

- Recognize the steps companies need to execute under CSDDD, including integrating due diligence into policies, assessing impacts, preventing or mitigating potential issues, tracking implementation, and publishing an annual statement.



7. CSDDD TIMELINE:

- Be aware of key milestones in the CSDDD timeline, such as the expected approval of the final text in March/April 2024, EU Commission providing model contract clauses in Autumn, transposition into national law from 2024-2026, and the directive taking effect at the national level by 2026/2027.



8. CONSEQUENCES OF NON-COMPLIANCE

- **Understand the risks associated with non-compliance, including compliance orders and significant financial penalties based on turnover. Companies may also be held liable for damages resulting from adverse impacts.**



9. PREPARATION FOR CSDDD REQUIREMENTS:

- **Understand the risks associated with non-compliance, including compliance orders and significant financial penalties based on turnover. Companies may also be held liable for damages resulting from adverse impacts.**



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