

# Corporate Sustainability Due Diligence Directive

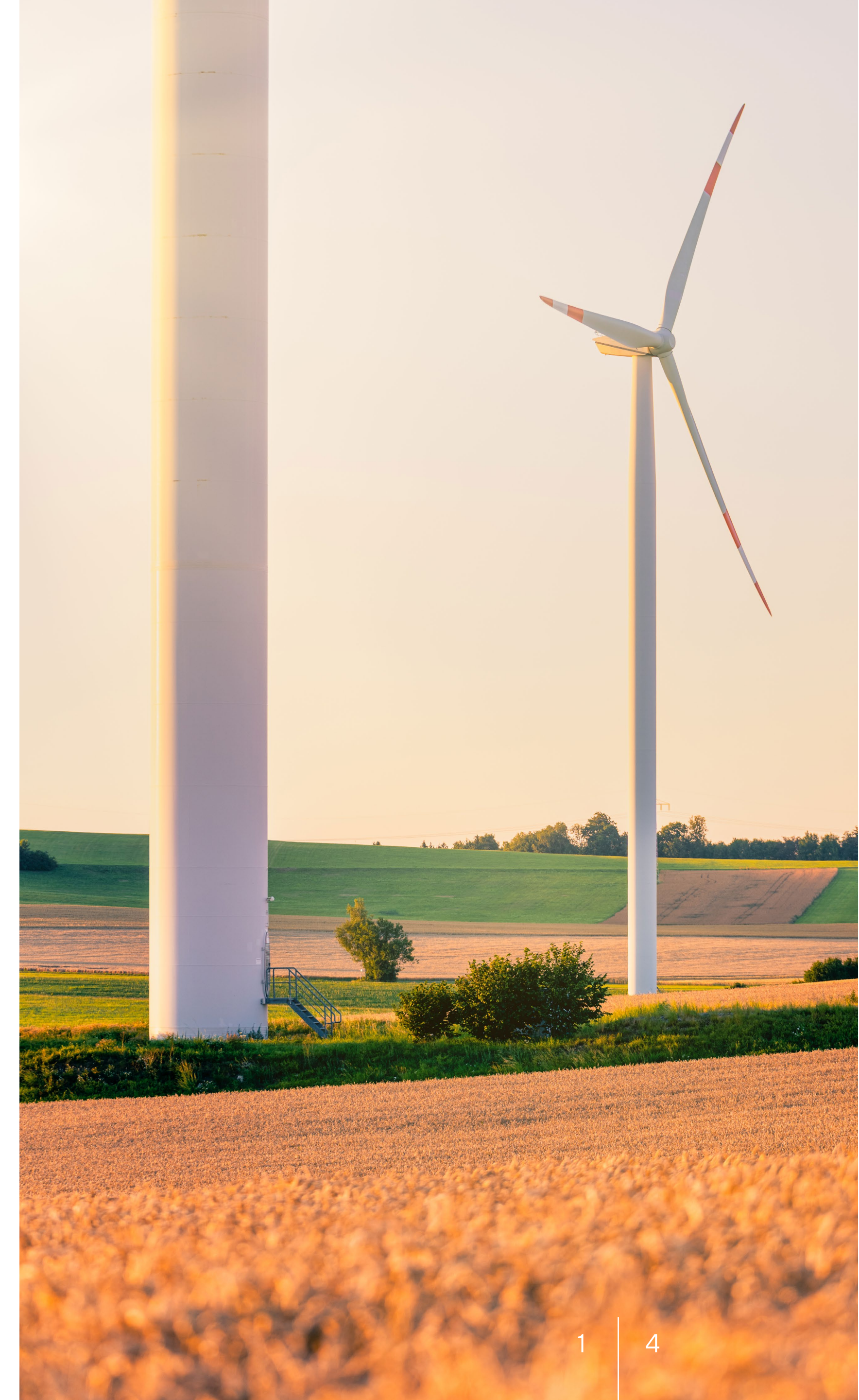
## Supply Chain Due Diligence: Navigating the Regulation Maze and Beyond

Sustainability considerations, including environmental, social and governance (ESG) factors, are now at the center stage of policy making. And national and regional laws that companies need to comply with are becoming increasingly stricter. For those operating under multiple jurisdictions, the task is potentially more difficult, as, despite many similarities, there are also significant differences between them. But even companies operating in countries with no specific sustainability-related regulations are likely to be affected – if their customers or trading partners are based in countries with strict due diligence laws, it's likely they also have to comply with those requirements. So the best course of action is to understand the key requirements driven by specific regulations and adopt a recognized solution that will tackle them holistically.

### Corporate Sustainability Due Diligence Directive: Key Highlights

The directive establishes a corporate due diligence duty to identify and take steps to remedy actual and prevent or mitigate potential adverse impacts on human rights and the environment in the companies' own operations, and their subsidiaries and value chains.

It is still at the stage of a legislative proposal for adoption by the European Parliament and EU countries, so the measures announced by the Commission are subject to change. The final Directive must then be transposed into national laws by individual countries within two years of the entry into force of the Directive for the largest companies covered, with a further two-year transition period for smaller companies operating in high risk sectors specified by the Proposed Directive.





# Criteria Vary But Companies Based In and Outside the EU Must Comply

## EU-based companies:

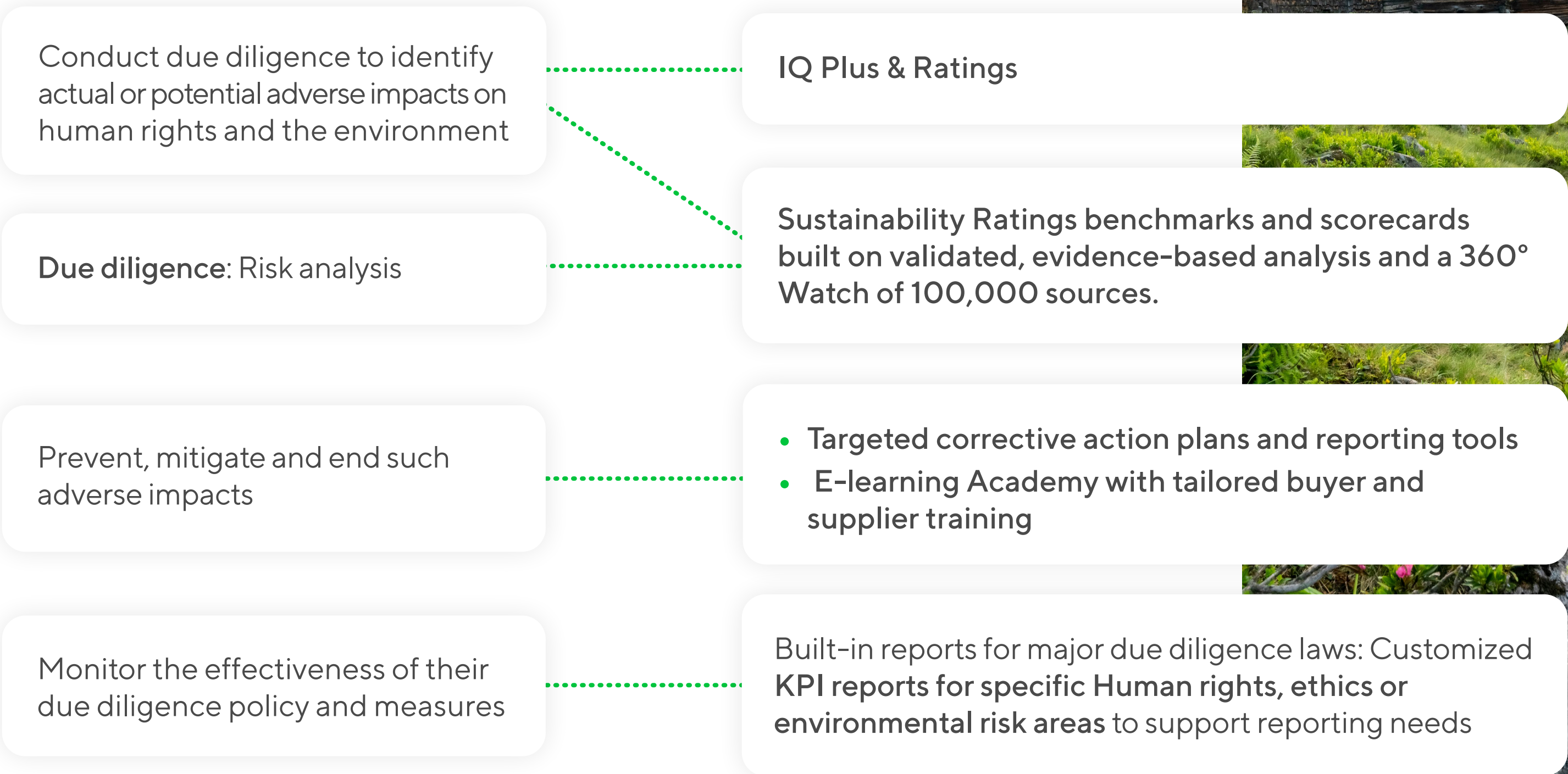
More than 500 employees and €150M worldwide annual turnover;  
More than 250 employees and €40 million annual revenue, with at least half coming from a high risk industry, such as garments, agri-food, mineral resources extraction, metals, construction materials, fuels, or chemicals

## Companies outside the EU:

That generated a net turnover of at least €150 million or €40 million in the EU, if revenue coming from the sectors above exemplified.

## How EcoVadis Can Help With the Corporate Sustainability Due Diligence Directive

EcoVadis Sustainability Intelligence Suite, backed by experience with regulatory due diligence requirements, such as the French Devoir de Vigilance, the UK Modern Slavery Act and others, provides a holistic approach to addressing due diligence requirements in the supply chain. Here is how it can help address specific demands outlined in the CSDDD.

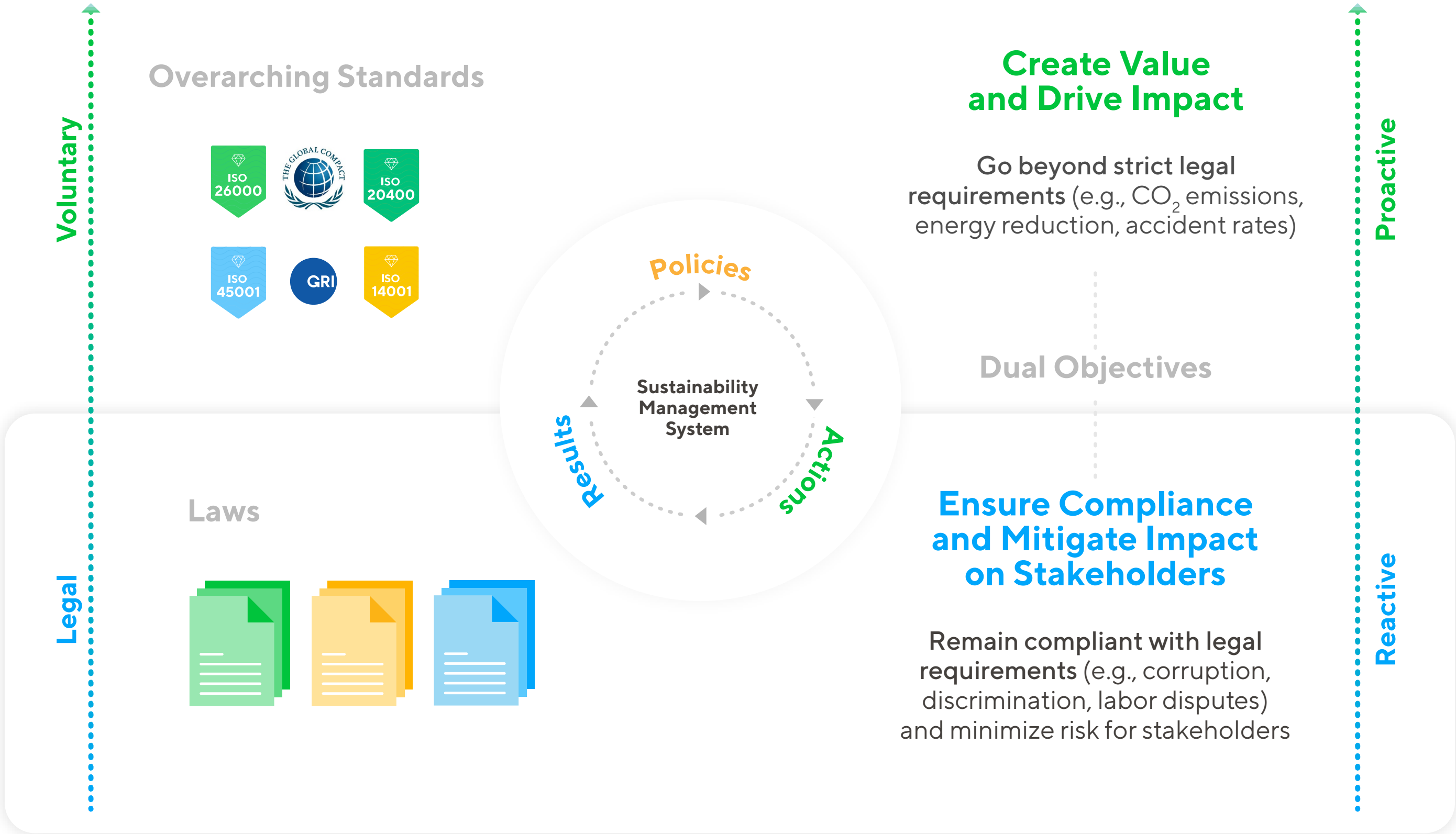




# Raising the Bar: From Compliance to Value Creation

But there is a limit to how far companies can get if they focus only on compliance with existing legislation. With regulatory requirements constantly evolving – and stakeholder expectations increasing, many choose to go beyond that. In other words, for companies to demonstrate that they have met the prescribed standards and implemented the required actions to address human rights and climate change is the bare minimum. But they can raise the bar higher and then their sustainability strategy becomes a competitive differentiator. This is also where the EcoVadis Sustainability Suite can help.

# Beyond Compliance: A Strategic Approach for Performance-Based ESG Risk Mitigation and Sustainability Management



# Unique Insights, Unparalleled Experience

No matter where you are on your sustainability and compliance journey, trying not to fall behind due diligence requirements or using them as a guide to create value, partnering with a best practice leader is key to success. With EcoVadis’ extensive experience in supporting due diligence regulations worldwide you get all the boxes ticked and can focus on what matters to your business. Here’s more on what you get:

**Unrivaled insights and visibility** with the industry’s first touchless supplier risk identification offered by IQ Plus. These insights are category- and country-specific and are based on a unique database of 200,000 analyst-validated scorecards.

**Accurate ESG ratings and benchmarks** built on validated, evidence-based analysis and 360° Watch of 100,000 sources with ongoing Live News monitoring for continuous updates on potential risk events across the supply base.

**Unmatched value for suppliers** that comes with scorecards and industry-leading ESG improvement platform. Conducting EcoVadis assessment helps with compliance but also guides improvement across some 20 sustainability criteria, including decarbonization, waste reduction, circularity, DEI and anti-corruption.

**Established expertise** in ESG assessment with more than 15 years in the market and supporting due diligence regulations for over six years. During this time we’ve partnered with some 1,000 global leaders and sector initiatives. Our expertise has been recognized by authorities such as the BME German Procurement Association and the German Sustainability Award Foundation.

