

PRESS RELEASE

Eurosif welcomes European Parliament vote on CSDDD



Brussels, 24 April 2024

Eurosif welcomes the final vote on the Corporate Sustainability Due Diligence Directive (CSDDD) by the European Parliament.

While Eurosif regrets that the ambition of the final text has been reduced to include late-stage additional concessions pushed by certain EU Member States, **this adoption remains a significant landmark in the delivery of the EU's sustainability objectives.**

The CSDDD establishes rules to ensure large EU companies identify, prevent, mitigate, report, and bring to an end adverse human rights and environmental impacts caused by their economic activities throughout their value chain. It also requires companies within scope to adopt and put into effect transition plans including climate targets in line with the EU's decarbonisation objectives on a best effort basis.

Financial institutions are included in the scope of the Directive but are excluded from conducting due diligence on the downstream part of their value chain – i.e. the part covering their clients. This exemption is subject to a review clause and will be assessed no later than two years after the CSDDD enters into force.

The CSDDD provides a much-needed uniform European due diligence framework, which was called for by a wide range of stakeholders including sustainable investors, businesses and civil society.

Aleksandra Palinska, Executive Director of Eurosif said:

"Today's adoption of the revised text on the Corporate Sustainability Due Diligence Directive by the European Parliament is a major political breakthrough and an important step forward in terms of fostering responsible business conduct and in accelerating a just transition to a sustainable economy. However, we do regret the last minute changes which reduced the ambition of the Directive, including significant limitation of the scope, a complete removal of the provision on financial incentives for the promotion of transition plan implementation, and a lengthy phase-in period. On a positive note, we welcome the fact that the provisions on transition plans have been retained, which is key to accelerating a just transition to a net-zero economy. It is essential that this Directive is now formally adopted by the EU member states before the European elections."

Eurosif now calls on the Council of the EU to swiftly adopt the revised final text and for EU Member States to effectively implement this law in their respective jurisdictions.

- Ends -

Notes for Editors

Background

The Corporate Sustainability Due Diligence Directive (CSDDD) sets an EU-wide framework for responsible business conduct. It will require large companies to identify, report, mitigate, prevent, and bring to an end the adverse impact of their operations and those of their business relationships on human rights and the environment. Large companies will also have to adopt and put into effect plans to align their business model and strategy with the goal of limiting global warming to 1.5°C and, where they are not in scope of the EU Accounting Directive, publish an annual report on their sustainability due diligence activities.

Next steps

Once formally adopted by the Council of the EU, the text will be published in the Official Journal of the EU and will enter into force after a period of 20 days.

The application of the CSDDD is phased-in as follows:

- 3 years after entry into force: application to companies with more than 5000 employees and €1500 million in net worldwide turnover
- 4 years after entry into force: application to companies with more than 3000 employees and €900 million in net worldwide turnover
- 5 years after entry into force: application to all companies under scope (companies with more than 1000 employees and €450 million in net worldwide turnover).

Previous Eurosif statements on CSDDD:

- [Eurosif, in cooperation with IIGCC and PRI publishes Q&A document on CSDDD \(11 Dec 2023\)](#)
- [Eurosif welcomes new EU rules on sustainability due diligence \(14 Dec 2023\)](#)
- [Eurosif joint public statement on CSDDD vote \(6 Feb 2024\)](#)
- [Responsible investors and businesses support CSDDD adoption \(27 Feb 2024\)](#)
- [Eurosif reiterates critical need for EU MS to adopt CSDDD \(13 Mar 2024\)](#)
- [Eurosif welcomes adoption of CSDDD in COREPER \(15 Mar 2024\)](#)

About Eurosif

Eurosif is the leading pan-European association promoting sustainable finance at the European level - encompassing the European Union (EU), the wider European Economic Area (EEA) and the United Kingdom (UK). Eurosif is a membership organisation of European based national Sustainable Investment Fora (SIFs). Many of the SIFs have a broad and diverse membership including asset managers, institutional investors, index providers and ESG research & analytics providers. Eurosif and its members are committed to the growth and development of sustainable finance and support the ambition of European and global policymakers in enabling a fully transparent and high-quality sustainable investment market through appropriate and well-designed regulation and industry best practice.

Eurosif's activities involve contributing substantively to public policy development and conducting research that enables a better understanding of ESG implementation, the sustainable finance market, and the obstacles encountered by sustainability-oriented investors.

Further information can be found at www.eurosif.org.

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