

Corporate Sustainability Due Diligence Directive (CS3D)

EU companies / Groups

>1,000 employees and net w/w turnover >€450 million*

* Different thresholds for franchise/royalty arrangements

Strengths

Net EU turnover >€450 million (no employee threshold)*



Environmental and human rights due diligence

Integration of active DD and action against any adverse impacts uncovered

Climate transition plan

Aligned with 1.5 degree Paris goal and EU's 2050 climate neutrality goal

Business impacts

- Large EU entities and multinational corporate groups are likely to be caught
- Financial institutions, including alternative investment fund managers, are out of scope for downstream activities (for now), but holding companies may be in scope
- In-scope parent must act against impacts in its own and subsidiaries' operations
- Interplay between CS3D actions and CSRD disclosures is crucial
- **Out of scope entities in business relationships with large entities can also expect to be impacted**

Timeline

Entry into force



25 July 2024

Member State implementing legislation to be adopted and published



26 July 2026

Application for largest entities (€1.5bn/5,000 employees)



26 July 2027

Application for very large entities (€900m/3,000 employees)



26 July 2028

Application for all other in scope entities



26 July 2029