



Corporate Sustainability Due Diligence Directive (**CSDDD**)

This document is intended for present and prospective users of the Global Sustainable Enterprise System. The goal of this document is to briefly describe CSDDD and to explain the alignment between CSDDD and GSES.

www.gses-system.com

March 2025



About GSES

Who We Are

GSES is a holistic sustainability rating system, helping organizations make sustainable choices. It measures, benchmarks and externally verifies the sustainability performance of organisations, physical products and assets worldwide.

What We Do

The GSES platform uses the Global Sustainable Enterprise Standard as a universal language to measure sustainability. This standard is an overarching meta-standard, translating more than 500 widely accepted standards and certificates into KPI's making them measurable and comparable.

Our Mission

With the goal of simplifying the sustainability certification landscape and working against greenwashing, GSES works from the ground up – verifying and rewarding existing efforts and showing room for improvement.

Our Vision

Our vision is a world where sustainability is not just a goal, but a well-defined path that guides every organization towards responsible and ethical practices. We envision a future where companies, governments, and individuals have access to clear, transparent, and actionable guidelines for achieving sustainability, without the burden of complexity and ambiguity.



What is CSDDD?

What?

The aim of the Corporate Sustainability Due Diligence Directive (CSDDD) of the EU is to foster sustainable and responsible corporate behaviour and to anchor human rights and environmental considerations in companies' operations and corporate governance.

What are the requirements of CSDDD?

Companies will be required to conduct risk-based human rights and environmental due diligence, as well as adopt and put into effect a transition plan for climate change mitigation in line with the Paris Agreement.

Why?

A broad range of stakeholder groups, including civil society representatives, EU citizens, businesses, and business associations, have been calling for mandatory due diligence rules. 70% of the businesses who responded to a public EU consultation stated that corporate sustainability due diligence is needed.

Benefits for citizens:

- Better protection of human rights, including labour rights.
- Healthier environment for present and future generations, including climate change mitigation.
- More transparency enabling informed choices.

Benefits for companies:

- Harmonized legal framework in the EU, creating legal certainty and level playing field.
- Greater customer trust and employees' commitment.
- Better awareness of companies' negative human rights and environmental impacts, less liability risks.
- Increased incentives for innovation.



For whom?

- Large EU companies:
 - >1,000 employees and net worldwide turnover >EUR 450m
- Non-EU companies:
 - Net turnover >EUR 450m in the EU
- EU and non-EU 'ultimate parent companies' of groups of EU and/or non-EU companies which meet the above thresholds
- Companies that have entered into franchise or royalty agreements in the EU with independent third-party companies or are the 'ultimate parent company' of a group which meets the following criteria:
 - The agreements ensure a common identity, a common business concept, and the application of uniform business methods
 - Royalties >EUR 22.5m
 - Net worldwide turnover >EUR 80m
- SMEs
 - Micro companies and SMEs are not covered by the proposed rules. However, the proposal provides supporting measures for SMEs, which could be indirectly affected

When?

The new rules will become applicable gradually, based on financial and employee thresholds for EU companies, and financial thresholds for non-EU companies:

- From 2027 for companies with over 5,000 employees and global net turnover above 1,500 million euro;
- From 2028 for companies with over 3,000 employees and global net turnover above 900 million euro;
- From 2029 for all the remaining companies within the scope of the directive (including those over 1,000 employees and worldwide turnover above 450 million euro).



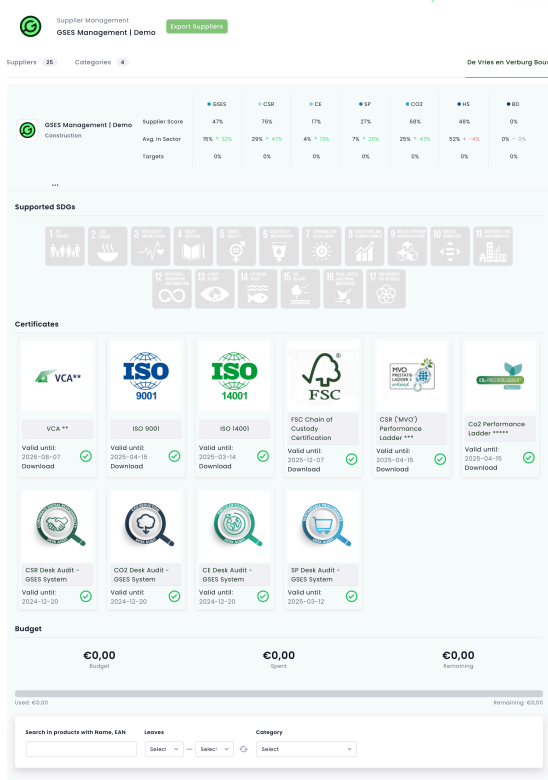
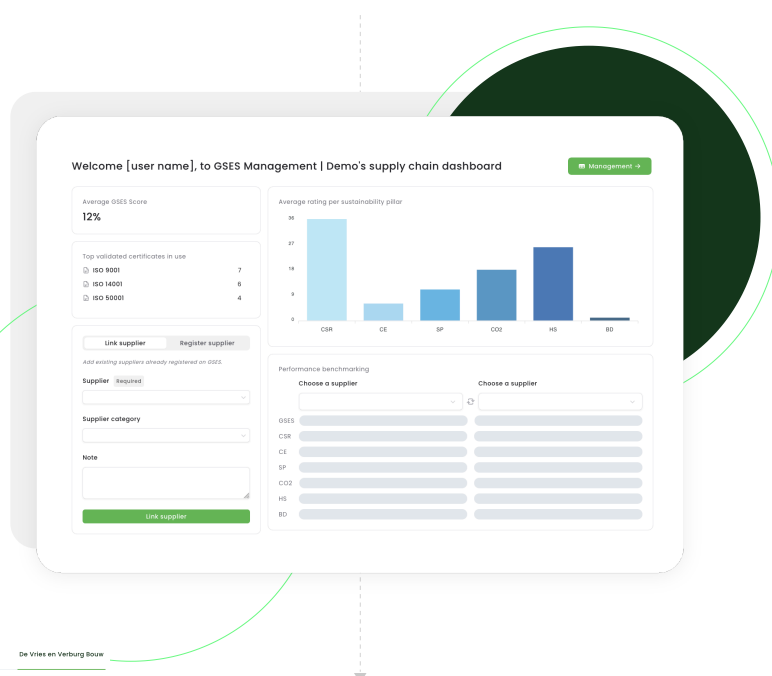
How can GSES help?

GSES brings years of expertise in measuring an organisation's due diligence across various areas. We evaluate organisations based on six key topics, known as "pillars": Corporate Social Responsibility, Circular Economy, GHG Reduction, Sustainable Procurement, Health and Safety, and Biodiversity. Each of these six assessment questionnaires includes a dedicated section on due diligence, ensuring a comprehensive evaluation. Obtaining your measurement from GSES is the first step toward achieving compliance with the CSDDD.

Modules to boost your preparation for CSDDD

Supply Chain Dashboard

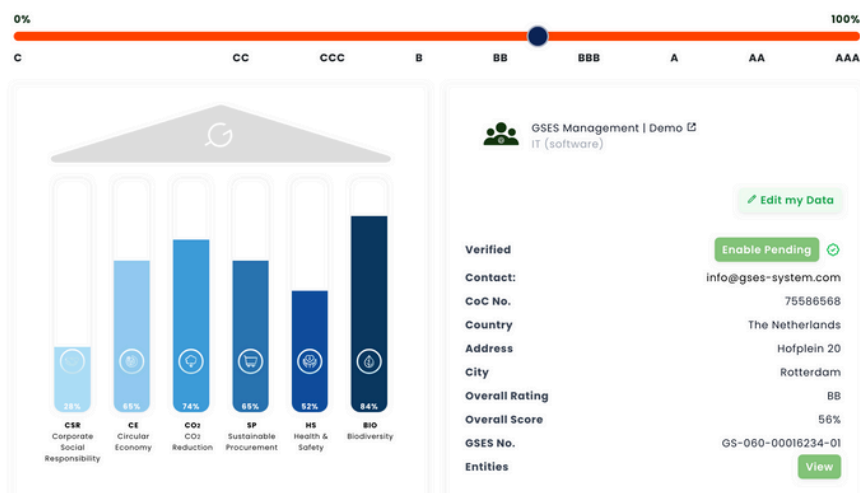
Show how your EU operating company prevents, mitigates, and accounts for human rights abuses and environmental harm throughout your supply chain. GSES has a Supply Chain Dashboard, Supply Chain Management Dashboard, and a dashboard that allows you to look at your suppliers by category.





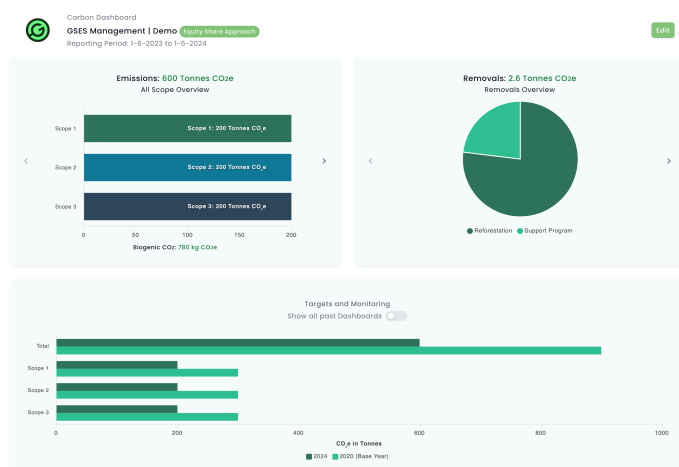
Organization Module

Show your alignment with the CSDDD by assessing your organization's sustainability performance across six critical areas: Corporate Social Responsibility, Circular Economy, CO2 Reduction, Sustainable Procurement, Health & Safety, and Biodiversity.



Carbon Module

The carbon dashboard assists our users with the CSDDD by providing clear insights into their carbon footprint, enabling them to meet compliance requirements and identify areas for improvement. By facilitating risk assessment and supporting transparent reporting, the dashboard empowers companies to make informed decisions, engage suppliers, and demonstrate their commitment to sustainability.



The Carbon Dashboard input and targets form includes the following sections:

- Import from a carbon Calculator:** A dropdown for "Carbon Calculator Year" and a note about creating a calculator.
- Carbon Dashboard Input:** A form for "Year", "Period", and "Boundary". It includes input fields for "Scope 1 Emission Trading Scheme (ETS)" (with a "% Regulated under the ETS" field), "Emissions Category", "Value (Gross Tonnes)", "Scope 2 Emissions - Market Based (Gross Tonnes)", "Scope 2 Emissions - Location Based (Gross Tonnes)", and "Scope 3 Emissions Category".
- Targets:** A section for "Base Year" and "Target Year" (2020). It includes input fields for "Scope 1 Emissions (Gross Tonnes)", "Scope 2 Emissions (Gross Tonnes)", and "Scope 3 Emissions (Gross Tonnes)", along with "Scope 1 Target", "Scope 2 Target", and "Scope 3 Target" fields.
- Carbon Removals:** A table for "Removal Activity", "Carbon Removals (kg CO2e)", "Activity or Credit", and "Evidence File".
- Biogenic CO2:** A section for "Activity" and "Emissions (kg CO2e)".

A "Create" button is located at the bottom right.

Get your CSDDD third party verified



Independent Verification

At GSES we have partnered up with independent certification institutions/accountants. By incorporating third party verification through our partnership with Audit Independender, GSES ensures that there is no room for greenwashing or any other false claims.

All scorecards on the GSES platform will be independently verified by one of our trusted partner institutions.





Sources

https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en

Get in **touch!**

Do you have any questions or would you like to learn more?
Please contact support**t@gses-system.com**

Please consult the website of the European Commission for the latest information about laws and regulations.