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# THE CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE – CHANGING THE GAME?

The EU's draft Corporate Sustainability Due Diligence Directive (CSDD) is set to impose significantly greater obligations on businesses – both in the EU and outside it - to assess and address their human rights and environmental impacts. If implemented in this or a similar form, this will be a meaningful ramp up in the responsibilities of businesses for their impacts, and will bring into the realm of hard law for private companies a range of obligations which commonly exist only as "soft" law applicable to states. It will also change the way in which in-scope businesses need to manage and resource their supply chain and procurement frameworks.

The CSDD is still in draft form and subject to change – in fact, the most recent proposal[1] goes some way to watering down the more controversial elements – and it will not directly affect businesses for more than three years at the very earliest. However, the requirements it is expected to bring in will be far reaching and require significant resources and governance changes to address appropriately. It also includes a number of novel concepts, like "adverse impact" on the environment and human rights and "contractual cascading", which could create significant uncertainty and potential for disputes.

This article discusses what the draft CSDD requires; what it will mean in practice, with a focus on the requirements to prevent, mitigate and remediate adverse impacts; and the top things businesses need to know about the CSDD and what you can do about them.

## What does the draft CSDD require?

Under the current drafting, in-scope companies include large and very large companies, as well as mid-sized companies in "high-impact" sectors. Regulated financial undertakings are also included but only where a Member State actively decides to include them within implementing legislation. See **Are you in scope?** for more detail.

### Are you in scope?

The draft Directive will first apply to very large companies three years from the entry into force of the Directive, then large companies a year later, and then mid-sized companies operating in specific "high-impact" sectors a year after that. SMEs are excluded but the Commission has acknowledged the legislation may have indirect effects on SMEs.

**Very large companies** are those that have more than 1000 employees and €300 million net worldwide turnover, or €300 million net turnover generated in the Union for non-EU companies.

**Large companies** consist of EU companies with more than 500 employees and a worldwide net turnover over €150 million, and non-EU companies which generated a net turnover of more than €150 million in the EU in that period (no employee requirement).

**Mid-sized high-impact companies** consist of EU companies with more than 250 employees and worldwide net turnover of over €40 million, provided at least 50% of the company's net turnover was generated in one or more specified high-impact sectors; and non-EU companies with net turnover of between €40 million and €150 million, provided at least 50% of the company's net worldwide turnover was generated in one or more of the designated high-impact sectors. High risk sectors include textiles, agriculture, and mineral extraction.

What is and isn't "high-impact" will ultimately be a question for the courts as to fact and degree. Merely providing services to a high-impact sector is unlikely to mean you are part of that high-impact sector. All or a substantial part of your turnover would have to come from the high-impact sector. For example, if you provide a mining operation with the specialist vehicles actually engaged in the mining process, then you likely operate within that sector. If you provide the cars employees use to travel to and from the mine, then you are not.

[1] Permanent Representatives Committee proposal 15024/1/22 REV 1, dated 30 November 2022

The requirement to identify adverse impacts is subject to a couple of carve outs for medium-sized high-impact entities and regulated financial undertakings:

(a) Where a business is mid-sized but within scope due to being in a high-impact sector, they need only identify actual and potential severe adverse impacts that are relevant to the high-impact sector in which they are operating.

A "severe adverse impact" is one that is especially significant by its nature, or affects a large number of persons or a large area of the environment, or which is irreversible, or is particularly difficult to remedy as a result of the measures necessary to restore the situation prevailing prior to the impact.

(b) Member States have discretion over whether to apply the Directive to regulated financial undertakings. Where they do decide to, and such undertakings are providing credit, loans or other financial services, they must also identify adverse impacts before providing those services – but only before providing that service, not on an ongoing basis.

In-scope entities will be obliged to assess and address their "adverse environmental and human rights impacts", as well as have a climate transition plan. And unlike most other ESG obligations currently in force, this is not a "comply-or-explain" obligation, but a "you-must-comply" obligation, which requires action beyond mere reporting and comes with a regulatory and civil enforcement mechanism.

"Adverse impacts" under the CSDD incorporate by reference an enormous array of broadly-worded international law instruments (albeit fewer now than in previous drafts). In so doing, it appears to convert soft law into hard law, with corresponding enforcement provisions, which will require businesses to significantly broaden and deepen their understanding of international human rights and environmental law.

## Under the CSDD, businesses must:

1. **Integrate due diligence** into their corporate policies, which must be updated at least every two years and **adopt a due diligence policy**, including a code of conduct to be followed by company employees, subsidiaries and other businesses with whom they work, where relevant.

2. **Identify actual and potential adverse environmental and human rights impacts** arising from a company's own operations or operations of their subsidiaries, and where related to their "chain of activities", from their "business partners" (see Terminology Untangled, below).

3. **Preventing and mitigating potential adverse impacts, and bringing actual adverse impacts to an end and minimising their extent**, by taking "appropriate measures" which includes, where relevant:

   (a) **Neutralising the adverse impact or minimising its extent**. The action shall be proportionate to the significance and scope of the adverse impact and to the company's "implication" in the adverse impact (presumably based on whether the company had direct involvement and its proximity);

   (b) **developing and implementing a prevention action plan, and/or corrective action plan**, with reasonable and clearly defined timelines for action and qualitative and quantitative indicators for measuring improvement, developed in consultation with potentially affected stakeholders;

   (c) **seeking contractual assurances** from those with whom the business has a direct business relationship that they will ensure compliance with the company's code of conduct and action plans, and by cascading that requirement down to other businesses in the company's chain of activities ("contractual cascading"), and including appropriate measures to verify compliance;

   (d) **making necessary investments**, both financial or non-financial, such as into management or production processes and infrastructures to meet the CSDD's requirements;

   (e) **providing targeted and proportionate support for an SME** with which the company has an established business relationship, where compliance with the code of conduct or an action plan would jeopardise the viability of the SME. This is, presumably, to stop in-scope businesses from offloading the financial cost of compliance onto their suppliers without sharing some of the burden;

   (f) **collaborating with other entities**, to the extent within EU law, including competition law; and

   (g) **providing remediation** to affected persons and communities. This would consist of financial and non-financial compensation that is proportionate to the significance and scope of the adverse impact and the company's involvement in it. This means looking at the scale of the adverse impact and its gravity, as well as the number of persons affected

or the extent of the environment impacted. The Directive explains that compensation could consist of restoring the affected persons to where they would have been had the impact not occurred.

4. Where prevention or adequate mitigation is not possible, **refrain from extending or entering into new dealings** with a relevant partner, where the law governing their relations so entitles them to, **and temporarily suspend or terminate** the activities concerned where the potential impacts are severe.

   This is subject to some caveats. A company will not be required to terminate the business relationship in cases where there is a reasonable expectation that the termination would be more harmful than the adverse impact itself. They would also not be required to terminate where the raw material, product or service being provided is essential to the business and no alternative exists, or where termination would cause substantial prejudice to the company.

   The requirement to terminate does not apply to regulated financial undertakings, which are only required to monitor the actual adverse impact while pursuing prevention or mitigation efforts.

5. **Establishing and maintaining a complaints procedure** for persons with legitimate concerns regarding actual or potential adverse environmental or human rights impacts, arising from a company's operations, those of its subsidiaries or its chain of activities.

6. **Carrying out periodic assessments**, at least every two years, on their operations, those of their subsidiaries, and business partners, to assess and verify that the identification of adverse impacts is up to date, and the effectiveness of the preventative or mitigation measures implemented by the company.

7. **Reporting** in line with the requirements of the Non-Financial Reporting Directive (NFRD), which is to be amended and broadened by the Corporate Sustainability Reporting Directive (CSRD) once it comes into force.

8. **Publishing an annual statement** on compliance, in line with their financial year.

9. Where a company is large or very large, **adopting a climate transition plan**, ensuring that the company's business model and strategy is compatible with the transition to a sustainable economy, limiting global warming to 1.5°C in line with the Paris Agreement, achieving net zero by 2050, and where relevant, limiting the exposure of the undertaking to coal, oil and gas-related activities.

   The plan must identify the extent to which climate change is a risk for, or an impact of, the company's operations. Where climate change is identified as a principal risk, the company must include emissions reduction objectives in its plan.

The text has been aligned as much as possible with the recently adopted CSRD, including a specific reference to that Directive to avoid problems with legal interpretation.

### Understanding what amounts to an "adverse impact"

"Adverse impacts" are defined very broadly by reference to a wide swathe of international treaties and conventions. Part I of the Annex to the Directive covers human rights, and Part II covers the environment.

Part I references 25 specific violations of rights and prohibitions included in international human rights agreements, the breach of which would amount to an adverse impact. These include violations of the right to life, of the prohibition of torture, and the enjoyment of just and favourable conditions of work.

It also includes a general sweep up clause that captures any violation of the rights or prohibitions not covered in the other 25 entries but which are included in the 10 covenants and conventions listed in Section 2 of Part I of the Annex. The sweep up applies provided that:

1. the human right can be abused by a company or legal entity (other than the state);
2. the human rights abuse directly impairs a legal interest protected in the human rights instruments listed in the Annex I, Part I, Section 2; and
3. the company could have reasonably identified such human rights abuse in its own operations, those of its subsidiaries or its business partners, taking into account the circumstances of the specific case, including the nature and extent of the company's business operations and its chain of activities, characteristics of the economic sector and geographical and operational context.

Section 2 of Part I includes 10 international law instruments more generally, including the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights; and International Labour Organization's core/fundamental conventions including on forced labour, equal remuneration and discrimination. Previous drafts included other conventions like the UN's Universal Declaration of Human Rights and Convention on the Rights of the Child, but these have been removed.

Part II of the Annex refers to environmental conventions, and goes on to list 16 prohibited violations of internationally recognised objectives and prohibitions included in environmental conventions, including in relation to disposal of mercury waste, chemicals that deplete the ozone layer, and other hazardous wastes.

The Annex does not specifically reference carbon/climate change (e.g. by reference to the Paris Agreement), but the Directive itself does elsewhere require adoption of climate transition plans for large companies.

### Terminology Untangled

"Chain of Activities" includes both the upstream and downstream activities of a company in producing, delivering and disposing of products and providing and developing services. It also includes specific subject matter relating to financial entities. The Directive previously used the term "value chains", but has since abandoned that terminology to reflect divergent views of Member States on whether to cover the whole "value chain" or limit the scope to the "supply chain".

A "business partner" in the context of the CSDD can be a direct business partner, with whom the company has a commercial agreement related to its operations, products or services or to whom the company provides services; or an indirect business partner, which is not a direct business partner but performs business operations related to the operations, products or services of the company.

"Contractual cascading" means seeking contractual assurances from direct business partners that they will comply with the company's code of conduct and action plans where necessary. This includes the partner having to seek corresponding contractual assurances from its partners, 'cascading' the responsibility through the whole chain of activity.

In-scope parent companies may fulfil the obligations set out in the Directive on behalf of their subsidiaries where they are also in-scope of the Directive, as long as the subsidiary meets the requirements in Article 4a(2), although it is not clear yet how this would work in practice. These include providing all necessary information, abiding by the parent's due diligence policy, integrating due diligence into all its policies and risk management systems, seeking contractual assurances, and suspending or terminating business relationships where necessary.

The due diligence requirements under the CSDD feed into and complement the "double materiality" requirements under the CSRD and disclosure standards being developed by the European Financial Reporting Advisory Group (EFRAG), by requiring businesses to ascertain the information on impacts on which they then need to report. "Double materiality" refers to considering both the risks and opportunities that sustainability poses to a company, as well as the impacts that a company has on the people and planet around them.

## What the CSDD will mean in practice: prevent, mitigate and remediate

The core obligations in the Directive are the requirements to identify adverse environmental and human rights impacts, and to take appropriate measures to prevent, mitigate or remediate them. These obligations bring in a handful of phrases specific to the Directive, specifically the company's "chain of activities", reference to their "business partners", and the need for "contractual cascading" (see Terminology Untangled).

A newly inserted Article 6a makes clear that companies may prioritise addressing certain adverse impacts where it is not feasible to address all of them at the same time to the same extent. The prioritisation of adverse impacts must be based on the severity and likelihood of the adverse impact. "Severity" refers to the gravity of the impact, the number of people affected, the extent of the environmental impact, and how hard it would be to restore the situation to how it was before the adverse impact.

Some businesses are already voluntarily doing some or all of what the Directive requires. The Commission's research found that 37% of business respondents currently conduct environmental and human rights due diligence, with 16% covering the entire supply chain, often relying on voluntary international standards.

There are a handful of recent domestic equivalents and international antecedents to the Directive, and one of the EU's aims is to bring in consistency. However, none of the alternatives go as far as the Directive and are generally diverse from one another. This can paint a difficult picture for international businesses looking to plan ahead, and potentially risks "forum shopping" and/or corporate restructuring for evasive purposes. The current draft's slower timeline for implementation, being three years from adoption (rather than two) and phased depending on business size, will prolong these risks.

France's law on the duty of vigilance is already in force and Germany's Supply Chain Due Diligence Act will come into effect on 1 January 2023. Both seem to have inspired the CSDD, which goes further than both. The Netherlands, Spain and others also have hard law requirements in the pipeline. The UK, despite calls from business investors and civil society organisations[2], in a similar vein to Italy, has ruled out mandatory legislation for the time being, in favour of relying on the existing patchwork of laws plus voluntary initiatives - despite obvious gaps. The UK's choice doesn't mean, of course, that UK companies in scope are exempt from the CSDD. Japan has recently issued domestic guidance about its expectations around businesses' role in human rights.

This is all informed by the international context, where the non-binding UN Guiding Principles on Business and Human Rights ("Ruggie Principles") and the OECD Guidelines for Multinational Enterprises (which include sector specific guidance), set out frameworks recommending how businesses should behave in respect of human rights due diligence, which have in turn informed the CSDD's approach.

[2] For example, a recent letter from 63 leading businesses, investors and civil society organisations calling for a new UK 'mandatory human rights and environmental due diligence' law with access to justice for victims, signed by Abrdn, Amnesty, Mars, Tesco and Primark amongst others, available here.

There will be a significant body of work for almost all companies that will be directly or indirectly affected by the Directive. The Commission has not published its assessment of what this might cost in practice. However, it does recognise that putting in place necessary processes, and transitioning operations and chains of activities to address adverse impacts, will come at a price.

## Top things you need to know about the CSDD

The CSDD includes a number of ambitious elements and innovations which will pose significant challenges for businesses looking to understand what it will mean for them in practice. In the current draft at least, the top things to look out for are:

1. **Obligation of means rather than of result**. Taken in the round, the Directive accepts and condones businesses causing some level of adverse environmental and human rights impact. It requires businesses to undertake "appropriate measures", which are proportionate and capable of achieving the objectives in light of the severity and likelihood of different impacts, the measures available to the company in the specific circumstances, and the need to set priorities. The requirement to take appropriate measures is therefore an obligation to use the means reasonably available to the company, rather than an absolute obligation as to the result.

   However, this is not a purely subjective test and an objective standard should be expected to be applied: a business looking to reduce capital employed or budgets to an extent that it unreasonably limits the "appropriate measures" reasonably available to it, is likely to fall foul of the Directive's requirements.

   In addition, the Directive includes provisions requiring suspension and termination of business relationships in certain circumstances where adverse impacts cannot be addressed. This means that suspension/termination should – subject to complexities around conflict of laws - always be an option irrespective of budgets or capital availability.

   As the Directive makes clear it does "not require companies to guarantee, in all circumstances, that adverse impacts will never occur or that they will be stopped." It goes on to give the example of "State intervention" as one circumstance, although that position is so obvious as to not add much illumination or comfort by way of analogy.

2. **Navigating novel concepts introduced by the Directive**. Two key concepts introduced by the Directive that are likely to cause issues for companies when looking to comply, in the absence of further clarification from the European Commission, are:

   (a) **"Appropriate measures"**. These describe what the Directive would require a company to do in order to prevent and mitigate adverse environmental and human rights impacts.

   Appropriate measures must be reasonably available to the company, taking into account the circumstances of the specific case, and commensurate with the degree of severity and the likelihood of the adverse impact. This is balanced against the requirement that the measures are capable of achieving the objectives of due diligence.

   The definition the Directive provides is helpful but insufficient to provide the level of certainty companies will want when acting on what the Directive requires. Looking at the types of adverse human rights impacts in particular, the factors are very high level and general.

   Crucially, what will be appropriate for say a FTSE 100 company will not be appropriate for a smaller company. Many companies will not be well placed to make these balanced judgments alone and we anticipate that this will re-emphasise, and increase the importance of, industry best practice as well as the clamour for guidance and sectoral collaboration.

   (b) **"Cascading contractual provisions"**. Businesses are expected to seek contractual assurances from business partners that they will comply with their code of conduct and action plans, and cascade these down their chains of activity.

   This could create a number of sources of conflict that are likely to undermine the effectiveness of this approach. For example, what happens where there are conflicting codes of conduct or action plans, including because of national legal requirements? How should the Directive's requirement to suspend or terminate contracts - where adverse impacts cannot be prevented or adequately mitigated - be dealt with contractually, where national law doesn't provide for such suspension/termination in this way?

   A code of conduct will as a result need to address mitigation and remedies, not just the efforts required to ascertain and avoid adverse impacts, if it is to be effective.

   The Principles for Responsible Investment (PRI) has even gone so far as to "strongly caution" against the idea of 'contractual cascading' (in respect of earlier drafts) as it raises serious questions of if or even how it will work in practice, with the PRI saying that "it is unclear how the use of contractual clauses would effectively allow for prevention and remediation of adverse impacts throughout value chains."

   The Directive also obliges the European Commission to adopt guidance about voluntary model contractual clauses, which should provide some additional clarity.

3. **The CSDD's scope is ambitious, but implementation may pose challenges**. The Directive seeks to incorporate a wide swathe of **international** law concepts, but questions remain over how these would apply to private entities in practice. Human rights in particular remains a difficult topic in the context of advising corporates as it has mostly evolved as a public and international law requirement.

   'Soft' international law would generally be interpreted through the lens of national legislation before it is applied to private entities. Somewhat radically, the Directive's inclusion of international law concepts relating to the environment and human rights in the

Annex to the Directive implies they could be justiciable directly against companies.

This would mean in-scope businesses might need to look above and beyond what that jurisdiction's national legislation requires and consider the rights of people in foreign jurisdictions in which it operates directly. This is likely to pose a significant challenge.

Businesses might look to the OECD's Guidelines for multinational enterprises and the UN's Ruggie Principles for some guidance on how to tackle this, as they have both informed the approach the CSDD takes.

The OECD Guidelines come with a soft enforcement mechanism, in the form of National Contact Points (NCPs). These form a government-backed international grievance network, that handles complaints against companies that have allegedly failed to meet the Guidelines' standards. Complaints are usually handled through mediation or other conciliatory practices, and the findings of NCPs can potentially have significant reputational impacts.

The UN's Ruggie Principles encourage companies to abide by the framework imposed on states, but are only a quasi-legal framework without explicit means of enforcement - unlike the CSDD.

4. **Ongoing obligations for financial institutions**. As the PRI has argued, the scope of due diligence to be carried out by financial institutions ought to be expanded to include broad ongoing assessments, rather than a one-off assessment conducted before providing a financial service. The PRI's recommendation includes requiring due diligence pre- and post-investment, and conducting it throughout the chain of activities (not simply on clients receiving the investment), including SMEs present in the chain of activities, who may have insufficiently robust procedures in place.

5. **Enforcement**. The CSDD's two-part enforcement mechanism of member state regulators and the potential for liability in damages for those affected by a business' operations (see Scope for Civil Liability), offers a substantial stick to motivate and encourage companies to consider mitigation efforts.

   If it is effective, it could raise the low-water mark towards industry best practice. This would be a considerable achievement despite the complexity of the mechanism.

   This is particularly relevant on the environmental side, although harder to implement on the human rights side. This may serve to push business and the conversation in the right direction, by raising up the laggards rather than punishing the leaders.

   If companies take the steps to actually carry out due diligence and operate in alignment with reasonable best practice for their sector or area (which is likely the standard that the EU would look to in the first instance as acknowledged in the Directive), then perhaps they can be fairly confident that they have done what the Directive's underlying policy requires.

   For non-EU companies that are within scope, enforcement by national authorities will be achieved via an Authorised Representative, who must be based in an EU Member State.

6. **Transition plans**. The Directive would reflect a significant step forward in requiring mandatory transition plans – in the EU currently, France stands out as an anomaly with its Vigilance Law's requirement to have a 'Vigilance Plan' that includes measures which require consideration of "serious violations of the environment". The UK has pledged to make climate transition plans mandatory in due course, and is developing a "gold standard" in transition plans through the Transition Plan Taskforce, whose framework is currently out for consultation.

Previous versions of the Directive 'clarified' that directors would have an additional express duty to take into account the consequences of their decisions for sustainability matters, including where applicable, human rights, climate change and environmental consequences, in the short, medium and long term. They also touched on directors' pay, linking it to sustainability performance. Both provisions have since been removed, on the basis that they interfered with domestic governance practices.

### Scope for Civil Liability

A company can be held liable for damages it causes provided that: (a) it intentionally or negligently failed to comply with the obligations to prevent and bring to an end an adverse impact; and (b) as a result of that failure, damage was caused.

Where the damage was caused jointly by a company and its subsidiary or business partner (direct or indirect) they are liable jointly and severally. A company cannot however be held liable for damage caused purely by its business partners. This approach has been introduced in the most recent draft so as to "avoid unreasonable interference with the Member States' tort law systems" and is a qualification to the principle in the previous draft that a business should be responsible for the adverse impacts of all their business partners.

It is not yet entirely clear whether the basis of a claim would be for a failure to do due diligence as laid out in the Directive, or a failure to mitigate adverse impacts. On the face of it, it appears a claim could be brought on either/both bases.

However, working through, for example, the requirement in Article 8 to bring actual adverse impacts to an end: it appears that companies are only obligated to take the corrective actions listed in Article 8(3)(a) – (g) (which include actions plans, contractual cascading, and making necessary investments) where relevant. And if those do not work in respect of a business partner, they must refrain, suspend or terminate contractual relations with them (Article 8(4)-(7)), as long as doing so wouldn't do more harm than good.

### Scope for Civil Liability continued

Combined with the insistence in the recitals to the Directive that it imposes an obligation of means rather than result, it seems more likely than not that a claim could not be brought for a failure to mitigate, as long as the steps laid down in the Directive had been followed, even where damage is caused.

In addition, the Directive explicitly provides for companies to prioritise which adverse impacts it addresses first where it is not feasible to address them all at once. So there is some degree of damage which will be permissible for some amount of time. But analysing where the line might be at any given point will be a delicate balancing exercise, and it is likely to shift over time.

Whereas national regulators might take a risk-based or proportionate approach to enforcement by focusing on the most severe and widespread adverse impacts, the same prerogative would not apply to individual civil claimants. Companies may find themselves subject to a wide range of civil claims. It may also be an avenue for NGOs looking to compel corporate behaviour through 'strategic' litigation (as has been seen recently with a number of climate litigation claims).

## What you will need to do

Once the CSDD starts to apply (in practice ahead of this), businesses will need to, in effect, carry out an audit of "adverse impacts" to the extent not already known, and:

- understand what's being asked of them and upskill the business from the board down;
- put in place necessary codes of conduct, policies, complaints procedures and operational and monitoring processes;
- review and update contractual arrangements; map out business relationships and chains of activities fully; and
- develop suitable governance procedures, oversight and assurance as needed.

It will also mean looking to verify that the same is happening with business partners, which will likely pose significant challenges in practice.

It seems likely that, with the possible exception of businesses already taking a highly engaged approach to their supply chain, this will require meaningful upskilling and capacity building with attendant costs and resourcing demands for businesses.

## What's next?

The CSDD is still some way off, and it could well benefit from further refinement, as a number of different organisations have pointed out. And given what it is likely to require of businesses, they have a strong stake in wanting the Directive to be as clear and pragmatic as possible.

The EU and national regulators will also look to see what businesses are already doing in order to inform what enforcement standards to apply and whether further legislation and regulation may be needed. Sectors which are faster and more effective at self-regulation are therefore likely to have a smoother ride overall.

The Directive will pose a number of questions for businesses to wrestle with including where to draw the line when assessing the impacts they have, how to apply international human rights law in the private business sphere, and how to meet the Directive's requirements in a way that is proportionate and responds effectively to stakeholders' calls to do more. And once the door is opened, will it be an invitation for stakeholders to press for further change, and how can this be managed?

Striking an appropriate balance between the interests of (and benefits provided by) business, and the adverse impacts of those activities, will be an ongoing challenge that requires businesses to adapt to changing expectations. But in any event, the CSDD brings the issues a bit more to the fore and provides a mechanism to rebalance away from the existing paradigm that any and all business activity is necessarily good.

Beyond what the Directive may or may not require, there is benefit to businesses in looking to engage with managing and ameliorating their negative impacts on people and planet now, in line with their corporate purpose, in order to differentiate themselves from competitors and to maintain a strong social license to operate.

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