

# From Corporate Social Responsibility (CSR) to Corporate Sustainability Due Diligence and Reporting within the EU

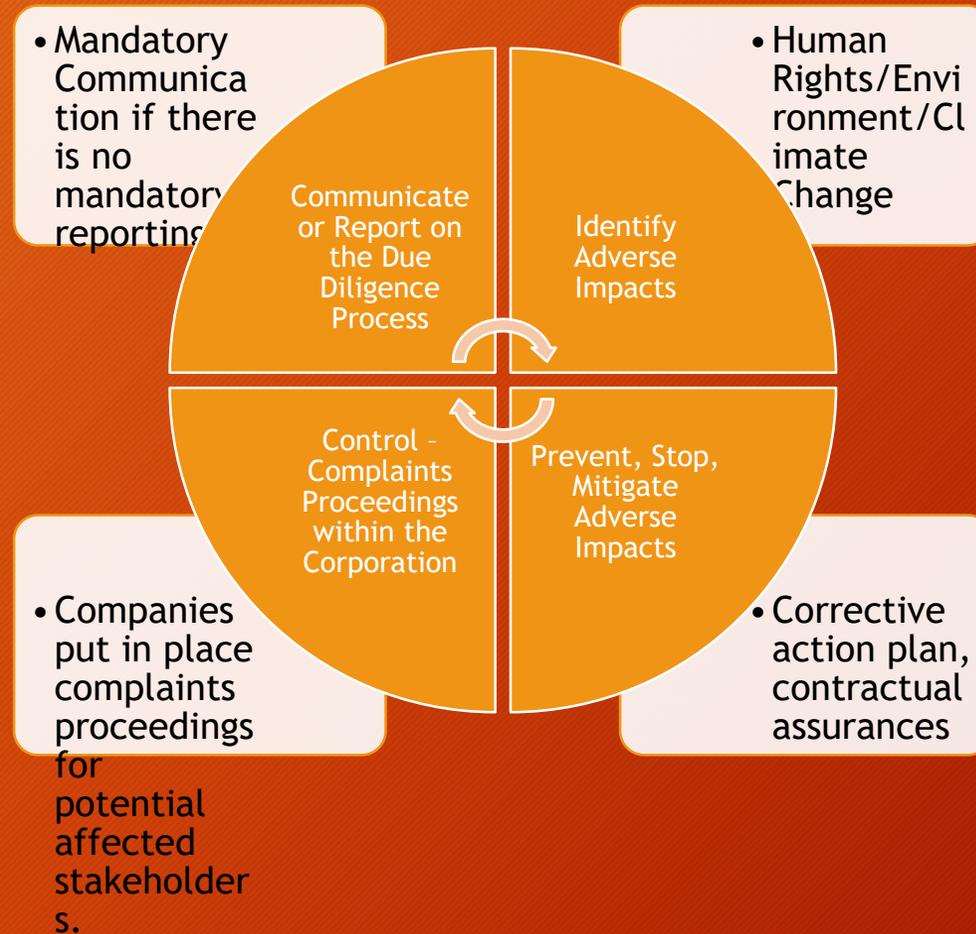
Observations on the Corporate Sustainability Due Diligence Directive  
(CSDDD) (Proposal) and Corporate Sustainability Reporting Directive  
(CSRD)

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# CSR versus Corporate Sustainability

Corporate Social Responsibility	Corporate Sustainability
Contribution of the corporation to the sustainable economic development at the macro-level.	Long and healthy life of the corporation itself at the micro level due to its responsible conduct (long term investment decisions prevailing on short term profitability).
Between 1950 and 1970, CSR as such did not exist but was expressed through « philanthropy » decided by the CEO;	Business strategy addressing social, economic and environmental issues as « opportunities » not as burdens.
Between 1980 to 1999, philanthropic practices have limited to the need to compensate bad publicity due to wrong corporate conduct.	
The 20th century triggered the emergence	However, companies and investors are

# Integrating Due Diligence into Corporation's policy and risk management systems



# Mandatory Due Diligence Framework - CSDDD Proposal, EU, 30.11.22



# *CSR and Sustainability Reporting, Transparency for Investors and Stakeholders*

- ESG based investment decisions

## Voluntary Sustainability Reporting Standards

# CSRD - EU Mandatory Sustainability Reporting Standards

Personal Scope of Application	Sustainability Information - EFRAG will propose the standards	To be included in the Management Report	Mandatory Assurance
Listed Companies on an EU Stock Exchange	Business Model, Risk Analysis, Climate Change Plan.	In a digital form	Auditing by classic Audit or Independent Third Party
Including SMSized Companies	Environment		Potential EU Market for Third Party Assurance
All unlisted corporations having more than 250 employees and 40 M euros Turnover	Social, Workers Rights, Human Rights		

# EFRAG Report on Sustainability Reporting Standards I (February 2021)

- The ESG classification is probably the most practical ....as it offers a logical and clear distinction between the three key drivers ...of sustainability:
- the Planet (i.e. all natural resources and life forms other than human);
- the People (i.e. human life in all its dimensions, from individuals to communities);
- the Business (i.e. the reporting entity itself).

# Efrag Report II (February 2021)

- a) the Environment category (E) would include standards defining how to report on impacts to and from all environmental factors: climate change, water & marine resources, biodiversity & ecosystems, circular economy, pollutions;
- b) the Social category (S) would include standards defining how to report impacts to and from all people factors, over the whole scope of the entity's ecosystem: workforce, value chain workers, affected communities, consumers/end users;
- c) the Governance+ category (G+) would be broader than traditionally considered under the concept of 'governance.' This category would include a full spectrum of relevant matters in order to report on sustainability aspects relating to the reporting entity itself: governance, business & ethics, management of the quality of relationships with stakeholders, organisation and innovation, and reputation and brand management.