

CSDDD and the Check-the-Box Trap: Why Compliance Isn't Enough

The EU Corporate Sustainability Due Diligence Directive (CSDDD) gives sustainability leaders something they've rarely had: a mandate with teeth. The directive spans environmental and social obligations broadly, but this piece focuses on its human rights dimensions and whether companies will use it to build due diligence that actually protects workers, or one that just looks like it does.

In 2020, an investigation found garment workers in Leicester, UK earning as little as £3.50 an hour, well below the legal minimum wage. Boohoo, the fast fashion company sourcing from those factories, had supplier codes of conduct, third-party audit reports and a published Modern Slavery Statement. The program existed. The harm existed too.

When Boohoo faced allegations of modern slavery in the UK, the business made superficial changes and shifted production facilities to countries with weaker worker protections ([BBC, 2023](#)). The investigation and the subsequent remediation actions failed the workers they were supposed to be protecting ([University of Bath, 2024](#)).

Research shows that workers are frequently unaware that the human rights programs built on their behalf exist. Where they are aware, trust in corporate-run reporting channels is low, particularly among migrant workers, women and those in informal employment. The metrics companies use to measure success, including audit scores, training completion rates and grievances filed, have little relationship to whether workers feel safer or better treated ([Shift, 2021](#); [BSR, 2018](#)).

The case with Boohoo demonstrates how a program designed to satisfy reporting requirements rather than address harm can produce documentation that looks like progress while outcomes do not improve. CSDDD is designed to break that pattern. The companies that take the opportunity will consider one question at every program design decision: are people actually better off as a result of what we are doing?

What CSDDD Requires

CSDDD requires companies to do four things:

1. identify actual and potential human rights and environmental impacts across their operations and value chains
2. prevent and mitigate those impacts through concrete action
3. remedy harms that have occurred through accessible grievance mechanisms
4. report publicly on outcomes as well as process

That last distinction matters. CSDDD is a due diligence requirement with disclosure attached, not the other way around. The compliance instinct of building a reporting program and working backwards to design programs inverts the directive's logic and, more importantly, its purpose.

CSDDD is not an EU-only concern. At least 12 countries are developing mandatory human rights due diligence legislation modeled on or directly referencing the directive, including South Korea, Canada, Australia, Switzerland and the UK ([Ropes and Gray, 2026](#)). For multinationals, CSDDD is a preview of the global direction of human rights legislation. Companies that build programs now to the spirit of the law, not just its letter, will not need to rebuild them when the next jurisdiction follows.

Where Programs Lose the Thread, and How to Prevent It

TURNING IDENTIFICATION INTO ACTION. Risk mapping has become the default deliverable for CSDDD's identification pillar. Heat maps get presented to boards and treated as outputs in themselves. But identification without a clear response pathway is documentation, not due diligence. Every identified risk needs an owner, a response and a feedback loop. The most practical mechanism is a human rights issue log which goes further than a traditional risk register to track each identified impact from discovery through to remediation or escalation. Closure criteria should be tied to evidence of changed conditions instead of just completed process steps ([Shift and Mazars, "UN Guiding Principles Reporting Framework"](#)).

VALUE CHAIN SCOPING: HOW FAR IS FAR ENOUGH? Most companies define their value chain around tier-one suppliers. The worst impacts in most supply chains sit further upstream, in smallholder farms, informal processing facilities and subcontracted labor. CSDDD's salience principle means scope should follow harm, not convenience. Before defining program boundaries, companies should conduct a salient risk mapping exercise using the UNGP salient human rights issues methodology ([UNGP](#)). This produces a defensible, evidence-based rationale for where the program focuses.

SUPPLIER ENGAGEMENT VERSUS SUPPLIER AUDIT. The evidence against audit-only approaches is substantial. Human Rights Watch documented a roughly \$300 million per year audit industry in which consultancies routinely coach factory management and workers on what to say before inspections ([Human Rights Watch, 2022](#)). BSR found that sexual harassment was identified in only 2% of audits because standard methodologies do not build the trust that sensitive disclosures require ([BSR, 2018](#)). Without worker voice, audit results measure supplier preparation, not supplier performance. Companies should supplement audits with structured supplier dialogue and direct worker voice mechanisms, including anonymous surveys, worker committees or third-party engagement programs.

GRIEVANCE MECHANISMS THAT PEOPLE ACTUALLY USE. Most implementations will default to a web form and a hotline, but effective grievance mechanisms need to be designed with the intended user in mind. A 2026 analysis of Bangladesh's Amader Kotha helpline found that 85% of callers would identify themselves to independent helpline workers, but only 22% would do so to their own factory ([OECD, The Remedy Project, 2026](#)). That means assessing preferred communication methods, language, literacy levels and retaliation risk before designing the channel, and treating low uptake as a warning sign rather than a clean bill of health ([Ethical Trading Initiative, 2024](#)).

INTERNAL EDUCATION: DO THE RIGHT PEOPLE KNOW WHAT TO LOOK FOR? A

company can build a well-designed due diligence program and still see it fail at the point of execution if the people responsible for carrying it out do not understand what human rights risk looks like in their specific role. A strong starting point is role-specific training tailored to the functions that most directly interface with the people at risk, such as procurement, human resources, legal and operational functions, paired with formal integration of human rights responsibilities into performance objectives.

Bottom Line

CSDDD will generate significant due diligence activity over the next three years. Most of it will be genuine in intent. Much of it will be insufficient in impact if the measure of success is the quality of the program rather than the change in conditions on the ground.

For most companies, building a CSDDD-compliant program is a significant investment of time and resources. That investment also creates something valuable: an internal business case, a leadership mandate and a timeline that sustainability teams can work with. The Omnibus "Stop the Clock" provision has given in-scope companies additional time to approach that work thoughtfully rather than reactively, building programs designed around workers instead of designed around deadlines.

That is the opportunity. Compliance requirements and meaningful worker protection are not competing goals. For teams that want to do right by the people in their value chains, this is the moment to build something that satisfies the legal obligation and makes a difference. The companies that get ahead of this are not the ones with the most sophisticated compliance infrastructure. They are the ones asking a better question from the start: will this make the people who make our company successful better off?



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