

**FSSC INSIGHTS**

*presents*

**FSSC 24000:  
SUPPORTING CSDDD  
SOCIAL & GOVERNANCE  
CHALLENGES**

*12 February 2025*



# PRACTICALITIES

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- You are all muted
- Please use the Q&A functionality for questions
- This webinar will be recorded
- Recording and presentations will be shared via e-mail

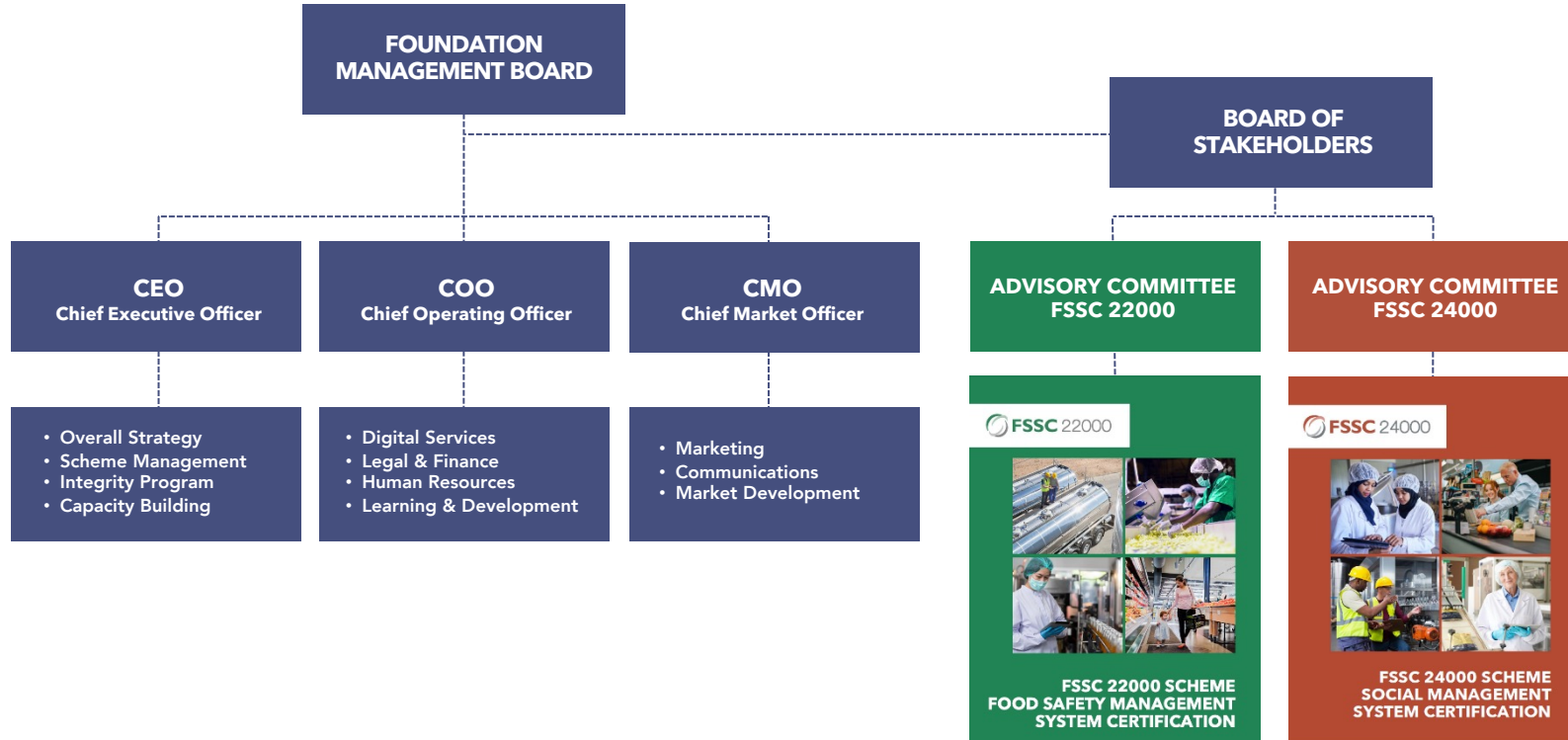


# ABOUT FOUNDATION FSSC

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- ✓ Foundation FSSC is the independent non-profit owner of the **FSSC 22000 & FSSC 24000** Schemes, delivering trust and impact beyond certification.
- ✓ We support the consumer goods industry in protecting its brands and achieving its targets through the implementation of an effective **ISO-based management system**.
- ✓ We are a lean and collaborative Foundation that aims to help organizations contribute to the global **SDGs** and thus **create a better world**.

# FOUNDATION STRUCTURE

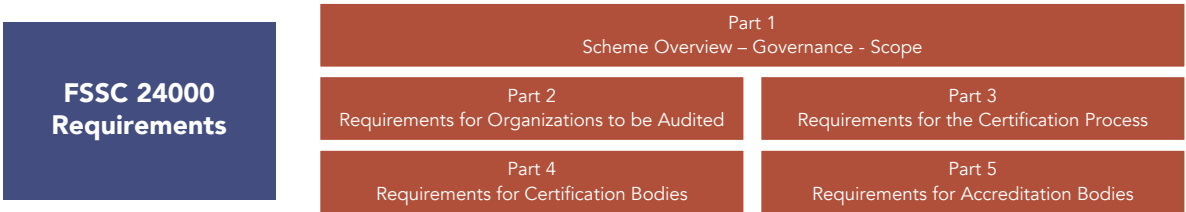
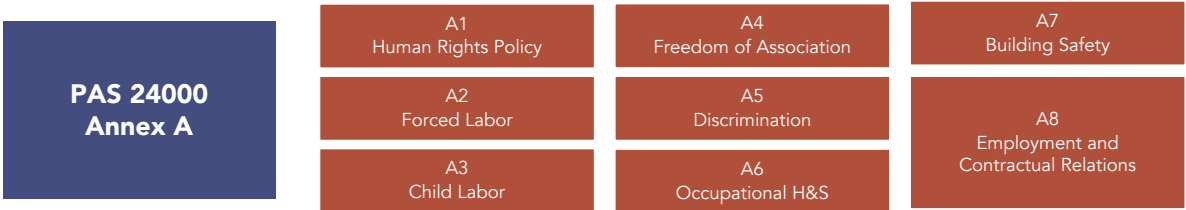
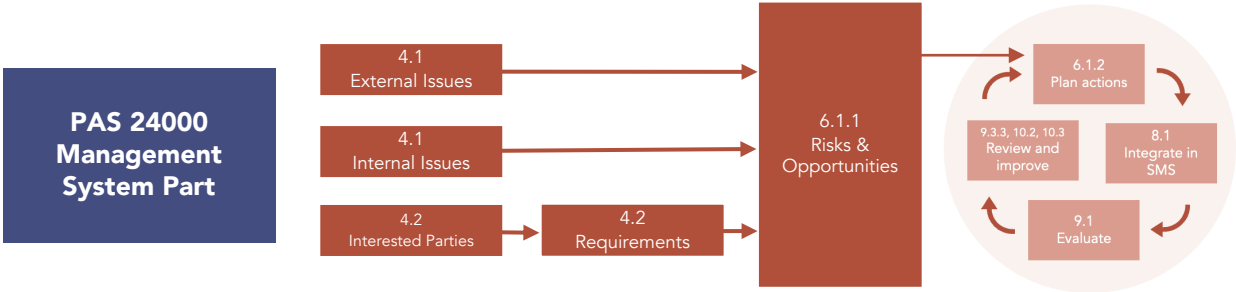


# FSSC BRAND IDENTITY MODEL

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# STRUCTURE OF FSSC 24000



# **THE CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE (CSDDD)**

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**LIUDMILA CHAMBERS**

# Corporate Sustainability Due Diligence Directive (CSDDD)

12 February 2025







# Guiding clients into a new era of sustainable performance

## Our solutions:

### Brand & communication

Delivering the salience, emotion and meaning brands need to grow

### Environmental social governance

How to integrate ESG issues into core business practices

### Reporting

Guide you through reporting that deliver powerful messages

### Carbon credits & projects

Best-in-class carbon credits sourced through intensive due diligence

### Innovation & capital solutions

Driving new, sustainable growth by embracing new business models

### Human rights & social impact

Comprehensively address social impacts, risks and opportunities

### Education & engagement

Empower teams, suppliers, communities to drive sustainable change

### Nature

Apply a nature-positive lens to their entire enterprise

### Sustainable products & circularity

Support organisations to meet their sustainable regulatory obligations

### Environmental management

Designed to address challenges being faced by businesses

### Net Zero & decarbonisation

Support leaders to navigate the complexity of the carbon transition

### Supply chains & responsible sourcing

Safeguard our natural ecosystems and protect livelihoods

### Purpose strategy

World-class strategy capabilities to help clients build distinctive, impactful

### Sustainable finance & transactions

Support investments and valuations that consider the related risks



# What is CSDDD?

The CSDDD (Corporate Sustainability Due Diligence Directive) is an EU directive that:

- Introduces legal obligations on businesses to conduct **human rights and environmental due diligence**
- With respect to their **own operations**, those of their **subsidiaries**, as well as those of their direct and indirect business partners throughout their **chains of activities**

The Directive went into effect on July 25, 2024.

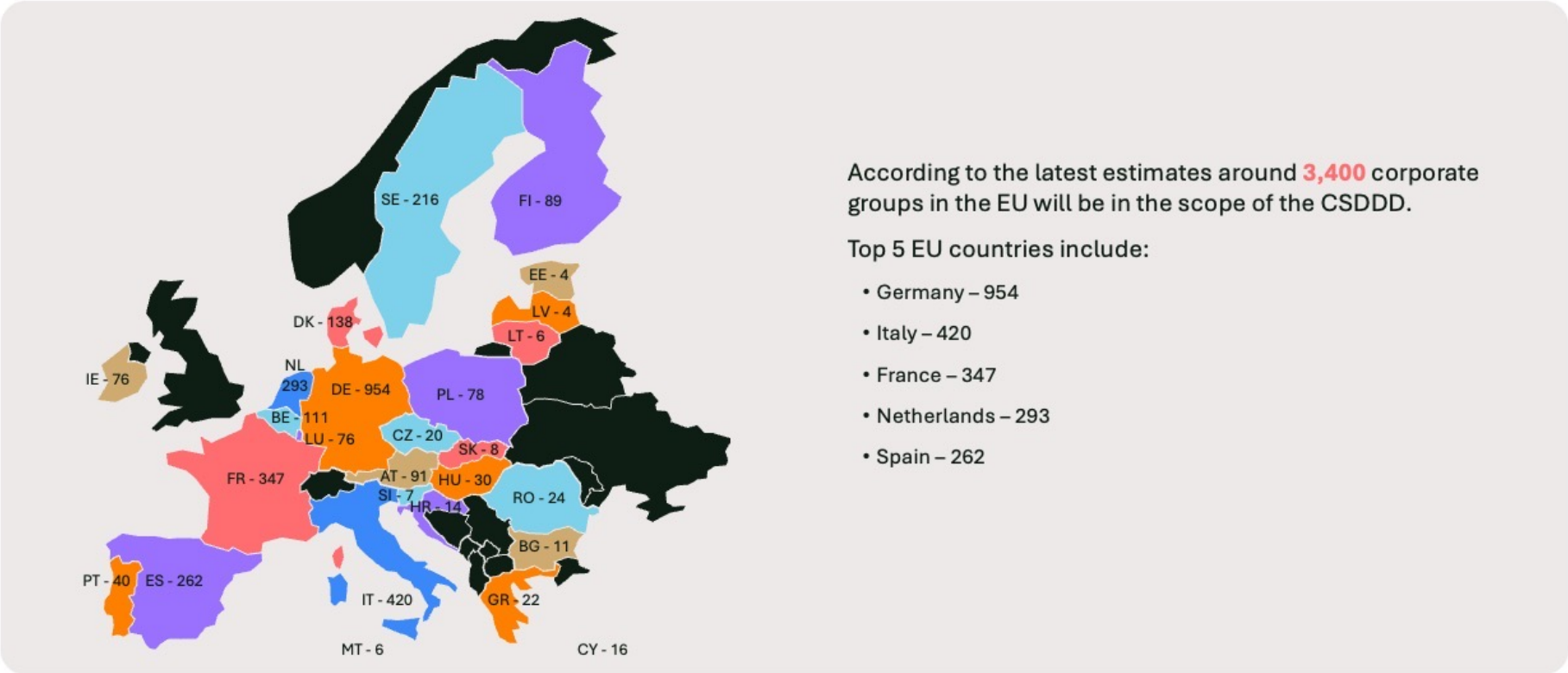
- Member States will have two years to implement the regulations and administrative procedures to comply with this legislation.
- Note that for non-EU companies with EU subsidiaries, each subsidiary should be assessed against the applicability thresholds for EU companies.

When	EU Companies	Non-EU Companies
2027	<b>5,000+</b> employees and a net turnover of at least <b>1,500 million</b> EUR <u>globally</u>	Net turnover of at least <b>1,500 million</b> EUR in the <u>EU market</u>
2028	<b>3,000+</b> employees and a net turnover of at least <b>900 million</b> EUR globally	Net turnover of at least <b>900 million</b> EUR in the EU market
2029	<b>1,000+</b> employees and a net turnover of at least <b>450 million</b> EUR globally	Net turnover of at least <b>450 million</b> EUR in the EU market

When	EU Franchisors / Licensors	Non-EU Franchisors / Licensors
2029	Royalties of more than <b>€22.5 million</b> globally and generating more than <b>€80 million</b> net turnover <u>globally</u>	Royalties of more <b>than €22.5 million</b> in the EU and generating more than <b>€80 million</b> net turnover in the <u>EU market</u>



# Corporate groups covered by the CSDDD, from EU countries



According to the latest estimates around **3,400** corporate groups in the EU will be in the scope of the CSDDD.

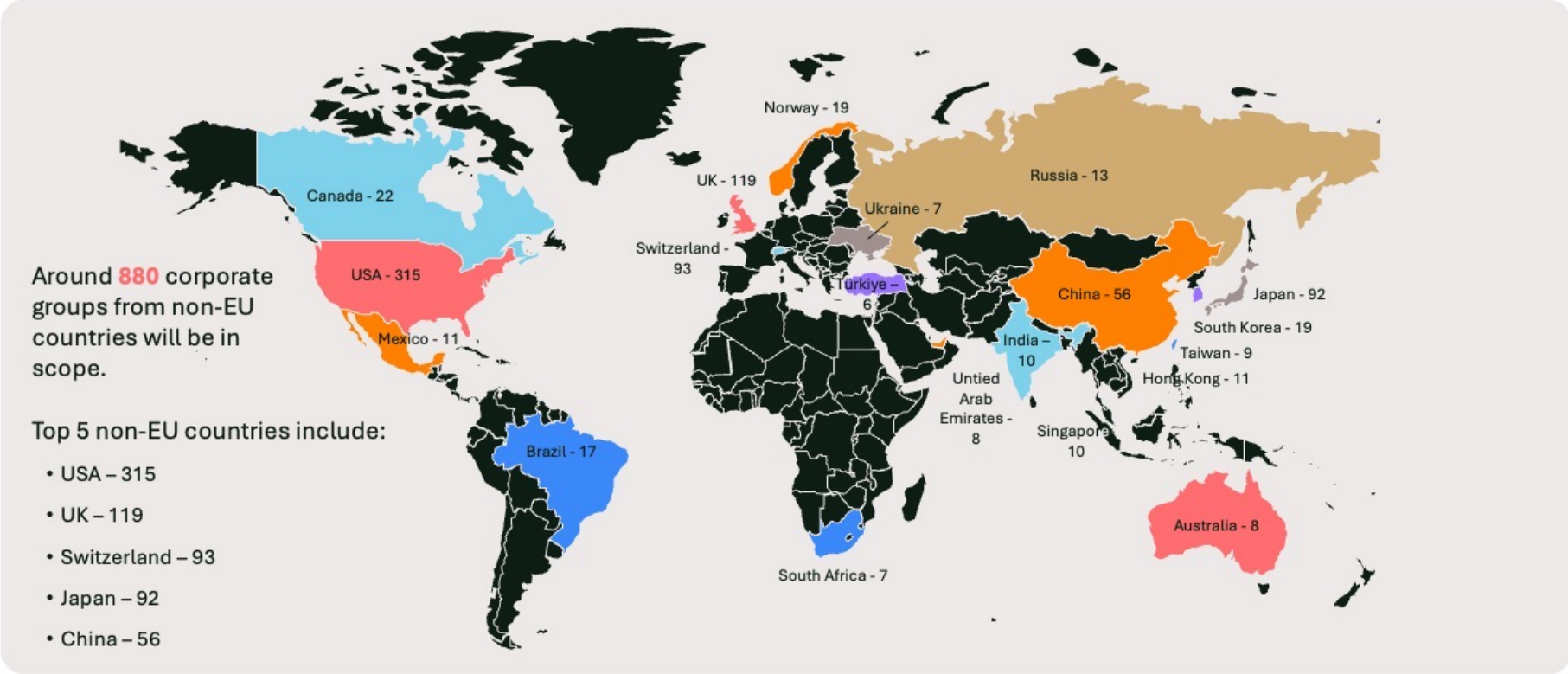
Top 5 EU countries include:

- Germany – 954
- Italy – 420
- France – 347
- Netherlands – 293
- Spain – 262



Source: [SOMO, CSDDD Datahub](#), non-exhaustive list

# Corporate groups covered by the CSDDD, from key non-EU countries



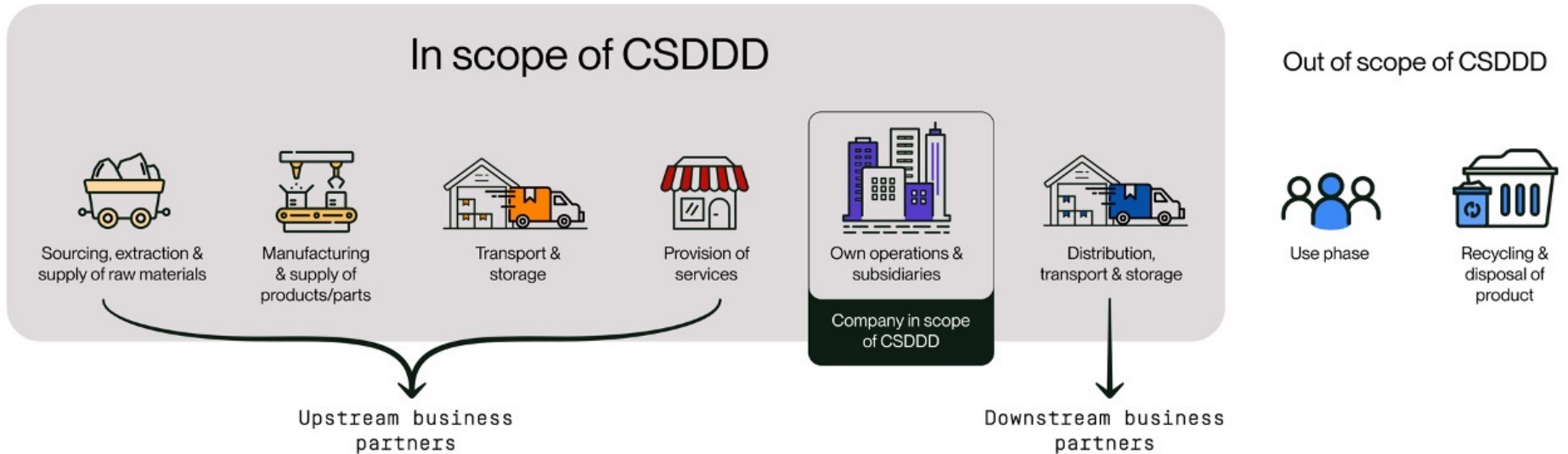
Source: [SOMO, CSDDD Datahub](#), non-exhaustive list



# What is a chain of activities?

The term 'chain of activities' is broader than supply chains and means that companies must not only consider their direct suppliers but also the wider impacts of their production and operations.

This includes both upstream activities (Tier 1 and beyond) and some downstream activities (distribution, transport, and storage of products).



# Which topics are in scope?

The CSDDD includes a wide range of human rights and environmental topics aligned with international conventions.



## Human Rights

- Child labor
- Forced labor and compulsory labor
- Freedom of association and collective bargaining
- Discrimination in employment
- Just and favorable conditions of work (incl. fair wages, working hours, and safe and healthy working conditions)
- Right to life
- Prohibition of torture, cruel, inhuman or degrading treatment
- Freedom of thought, conscience and religion
- Access adequate housing
- Right to a clean, healthy and sustainable environment, etc.

## Environment

- Environmental degradation, including:
  - Harmful soil change
  - Degradation of land
  - Deforestation
  - Water pollution
  - Water scarcity
  - Air pollution
  - Harmful emissions
  - Ozone depletion
  - Marine ecosystems degradation
- Waste management
- Biodiversity loss
- Climate change

CSDDD promotes the '**One Health**' approach as recognized by the World Health Organization (WHO), which views the health of humans, domestic and wild animals, plants, and the wider environment, including ecosystems, as being closely interlinked and interdependent.

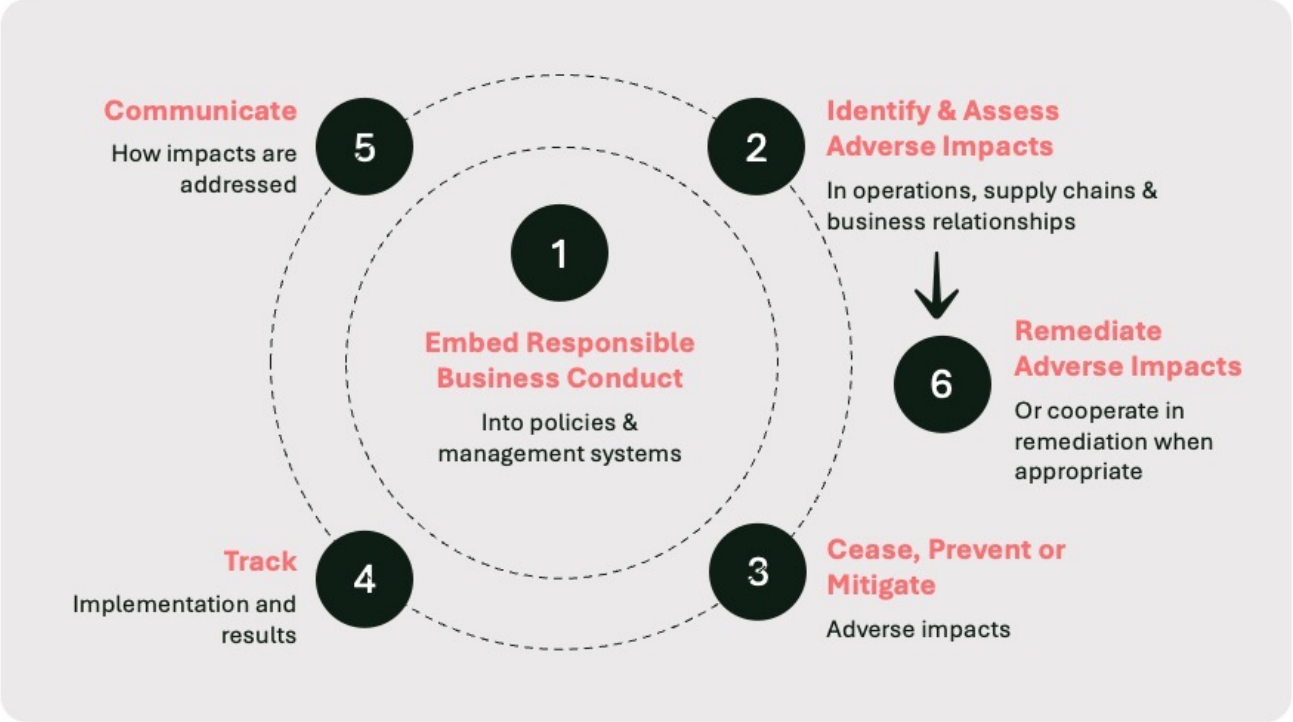


# Human rights and environmental due diligence (HREDD)

The concept of 'human rights due diligence' comes from international instruments such as the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises.

The OECD Guidelines also extend the concept of due diligence to environmental topics.

Hence the companies in scope are expected to conduct human rights AND environmental due diligence (HREDD) in their operations and chains of activities.



# Ten key CSDDD requirements

## 1. Commit

Integrating due diligence into a company's policies and risk management

*(Article 7)*

## 2. Assess

Identifying, assessing and prioritizing actual and potential adverse impacts

*(Article 8 and 9)*

## 3. Prevent

Preventing or mitigating potential adverse impacts

*(Article 10)*

## 4. Bring to an end

Bringing actual adverse impacts to an end or minimizing their extent

*(Article 11)*

## 5. Remedy

Remediation of actual adverse impacts

*(Article 12)*

## 6. Stakeholder engagement

Meaningful engagement with stakeholders

*(Article 13)*

## 7. Grievance mechanisms

Notification mechanism and complaints procedure

*(Article 14)*

## 8. Monitor

Periodic assessments to monitor the adequacy and effectiveness of the identification, prevention and bringing to an end of adverse impacts *(Article 15)*

## 9. Communicate

Publishing an annual statement

*(Article 16)*

## 10. Combat climate change

Adopting and implementing a transition plan for climate change mitigation *(Article 22)*







For further information contact :

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# CHALLENGES OF DEPLOYING CSDDD

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FRANCISCO ESTEVE

# REQUIREMENTS

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To deploy CSDDD, you will need two different skill sets. Your organization may already have these skills available.



**Subject:**

Experience in sustainability and social topics, field experience.



**Method:**

Risk Management,  
Project Management (PDCA),  
Process Deployment,  
Continuous Improvement,  
Change Management.

Governance changes require alignment and involvement from the executive management, compliance, legal, HR, and sustainability teams.

# CHANGING THE GOVERNANCE

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1

Deploying a social management system implies modifying or setting a new distribution of responsibilities, often in a more consolidated form to cope with complexity.

2

These governance changes set a new permanent organization and a redistribution of responsibilities.

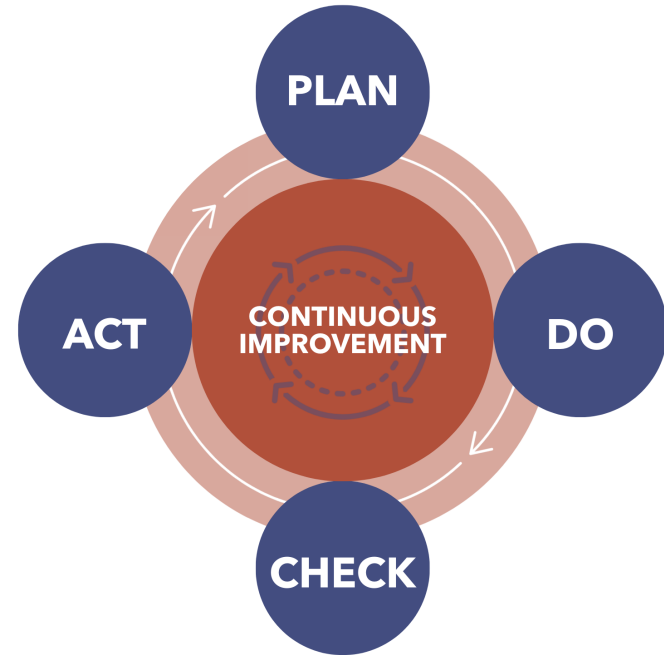
3

In most cases, the fact that social responsibilities are split across various teams and roles does not facilitate the decision-making process for creating the required organization.

# SETTING A SUSTAINABLE PROCESS

ISO requires an ongoing process of continuous improvement. In some cases, this will be a new process for companies to discover, learn, and improve through the PDCA cycle.

Many elements of the process should be set, tested, and refined. These include setting specific measures and tracking them, documenting for reporting purposes, and introducing success criteria.



# CONDUCTING RISK ASSESSMENTS

CSDDD is risk-centric. Doing a correct risk assessment and ongoing risk management are core to the success of the requested due diligence and, ultimately, any PDCA cycle or ISO norms.



# SELECTING THE RIGHT KPIs

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- ✓ You should set the right KPIs to follow up on your actions and verify improvements. This will allow your company to verify its objectives.
- ✓ Leading KPIs should be developed to track the advancement of the actions identified to manage risks and follow up the PDCA cycle over the year.
- ✓ At the same time, lagging KPIs should cover your reporting needs, generating the data required for reporting from the beginning to the end of a cycle.

# SATISFYING THE REPORTING NEEDS

Approximately half of the businesses that are required to report to the EU Corporate Sustainability Reporting Directive face the risk of non-compliance.





# **FSSC 24000 AND THE SOCIAL & GOVERNANCE CHALLENGES OF CSDDD**

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**ALICE PALFREY**

# SCHEME FEATURES

- Social Management System (SMS) | ISO-aligned
- **Risk-based**
- Focus on **continuous improvement**: commitment to increased efficiency and effectiveness
- Aim: ensure organizations provide **safe and fair working conditions**, meet **business ethics** requirements, and apply **due diligence** in their supply chain management
- Ensures supply chain focus and assurance
- Recognition of Certified Organizations through a public register
- Governance and oversight of certification through the Foundation's Integrity Program = **TRUST**
- Create **IMPACT** linked to the UN Sustainable Development Goals.
- FSSC 24000 fully covers PAS 24000 – written based on ISO HS



# TOPICS OF PAS 24000 (APPENDIX A)

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Human Rights



Forced Labor



Child Labor



Freedom of association



Discrimination and fair treatment of workers



Occupational Health and Safety



Building safety



Employment and contractual relations



Working hours



Grievance mechanisms



Business Ethics

# FSSC 24000 & CSDDD ALIGNMENT

	<b>CSDDD Requirement</b>	<b>FSSC 24000 Support</b>
<b>Due Diligence</b>	Companies must identify, prevent, mitigate, and account for adverse impacts on human rights.	Provides tools for conducting thorough risk assessments, establishing corrective actions, and monitoring the effectiveness of measures within supply chains.
<b>Human Rights and Social Responsibility</b>	Protect fundamental labor rights, ensure fair wages, and eliminate child and forced labor.	Focus on social sustainability by promoting workplace fairness, health, and safety while addressing key labor rights and social justice.
<b>Supply Chain Transparency</b>	Companies are required to ensure that their suppliers and partners comply with sustainability standards.	Encourages transparency across the supply chain by implementing a system that monitors supplier's practices and verifies compliance.
<b>Accountability and Reporting</b>	Companies must publicly report on their due diligence practices and outcomes.	Provides a MS approach to document and communicate compliance, facilitating reporting to stakeholders and authorities.
<b>Continuous Improvement</b>	Companies must regularly update their due diligence strategies to address evolving risks.	Promotes ongoing evaluation and enhancement of social MS to adapt to new risks and opportunities.

# CONDUCTING RISK ASSESSMENTS

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1

## Standardized Framework

FSSC 24000 provides a structured approach, meeting legal and social compliance requirements to align with regulatory requirements.

2

## Risk Management

Companies can avoid legal and financial repercussions by identifying and addressing risks related to labor practices, safety, and ethics.

3

## Proactive Compliance

The FSSC 24000 Scheme helps organizations stay ahead of legislation changes by promoting continuous improvement.

4

## Stakeholder Confidence

Demonstrating a commitment to social responsibility and regulatory compliance boosts trust for customers and partners.

5

## Supply Chain Oversight

Certification aims to ensure that suppliers and partners follow to the same standards, reducing risks across the supply chain.

# SELECTING THE RIGHT KPIs

Labor Practices	Health & Safety	Ethical Practices
<ul style="list-style-type: none"><li>❑ % of employees earning a living wage.</li><li>❑ Ration of permanent to temporary workers.</li><li>❑ Compliance with legal working hours and overtime limits.</li></ul>	<ul style="list-style-type: none"><li>❑ Numbers of workplace incidents, injuries, and near misses.</li><li>❑ Days lost due to workplace injuries.</li><li>❑ % of employees training in health and safety protocols.</li><li>❑ The compliance rate with workplace safety inspections and audits.</li></ul>	<ul style="list-style-type: none"><li>❑ Number of ethical violations reported (e.g. , harassment, discrimination, or bribery).</li><li>❑ Supplier compliance with the organization's code of conduct.</li></ul>

# SELECTING THE RIGHT KPIs

Social Impact	Employee Engagement	Supplier Management
<ul style="list-style-type: none"><li>❑ % of suppliers or contractors adhering to FSSC 24000 social compliance requirements.</li><li>❑ Progress on eliminating forced labor or child labor in the supply chain.</li></ul>	<ul style="list-style-type: none"><li>❑ Number of grievances logged and resolved through formal processes.</li><li>❑ Results from employee satisfaction surveys.</li></ul>	<ul style="list-style-type: none"><li>❑ % of suppliers audited for social compliance.</li><li>❑ Number of suppliers with corrective actions implemented successfully.</li><li>❑ % of high-risk suppliers certified or assessed for compliance with social standards.</li></ul>

# Q&A

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# SCHEME DOCUMENTS

## FSSC 24000 Version 1, 2022

- FSSC 24000 Scheme
- Board of Stakeholders Decision List
- Annex 1 | FSSC 24000 CB Scope Statements
- Annex 2 | FSSC 24000 CB Audit Report Requirements
- Annex 3 | FSSC 24000 CB Certificate Template

Download these for free from the [FSSC website](https://www.fssc.com).



**FSSC 24000 SCHEME  
SOCIAL MANAGEMENT  
SYSTEM CERTIFICATION**

www.fssc.com

Version 1.0 | 2022



# GUIDANCE DOCUMENTS

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## Currently available to support the implementation of FSSC 24000

- Assessment of Risks and Opportunities
- Context of the Organization
- Operational Planning and Control
- Social Procurement and Human Rights Due Diligence
- Child Labor (Definition and Implementation Guideline)
- Forced / Compulsory Labor

## Planned for 2025

- Grievance Mechanism / Complaint Management

# HOW TO OBTAIN CERTIFICATION



## Obtain the FSSC 24000 documents.

Scheme document & PAS 24000 are available for free on the FSSC website.



## Conduct an internal audit against requirements of FSSC 24000.

Guidance Documents can be downloaded from the FSSC website.



## Action and implement any identified issues/shortcomings.



## Contact an FSSC 24000 licensed CB to arrange an audit.

The FSSC website contains a list of licensed CBs.



## Conduct the initial or transition audit.

Refer to the 3-year Certification Cycle.



## Obtain Scheme certification and have your organization added to the FSSC public register.

# OUR MARKET REPRESENTATIVES



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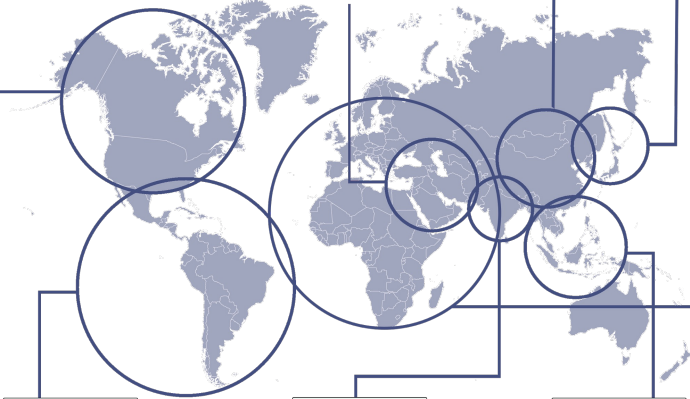
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