

CSDDD is dead – Long live supply chain due diligence!

Why companies can't afford to ignore sustainability in their value chains



Putting things into context

The sustainability regulatory framework is complex yet interconnected. In supply chain management, the Corporate Sustainability Due Diligence Directive (CSDDD) was introduced to reinforce a suite of due diligence requirements in Europe, including the French Vigilance Law and the Swiss Due Diligence and Transparency Ordinance (DDTrO).

However, while national regulations are gradually taking shape across Europe, **CSDDD has faced delays and is now postponed by at least one year – see the applicability timelines on the right.**



If CSDDD is delayed, can companies afford to delay action

The short answer is, no – and we explain why below.

✓ Responsible supply chains are non-negotiable

Supply chain due diligence is a moral imperative that demands immediate attention from every responsible business. In today's world, where corporate actions can have profound social and environmental consequences, unethical practices are quickly exposed, damaging brand reputation, eroding customer loyalty, and undermining shareholder trust. Proactively addressing supply chain sustainability is therefore not just a matter of ethics, it's a strategic choice.

While the CSDDD may not be immediately applicable, **unmanaged risks won't resolve themselves, and delaying action will prove costly overtime.**

✓ Implementing supply chain oversight takes time

Achieving real transparency is an extensive and intricate process involving thorough analysis of human rights and environmental risks, along with meaningful stakeholder engagement. In some cases, it may even call for rethinking existing operations and business relations.

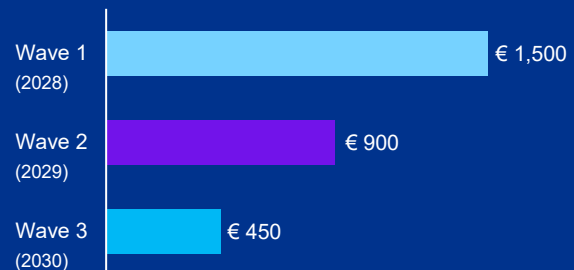
The journey starts with a comprehensive risk assessment and understanding your company's capacity to respond. From there, businesses can iteratively refine their due diligence through a "test and try" approach that drives reliable progress over time.

The CSDDD applies to large EU and non-EU companies, with staggered compliance timelines based on size and turnover (in millions), starting 26 July 2028 (per EU Omnibus proposal of 26 February 2025).

EU Companies



Non-EU Companies



✓ Corporate due diligence already exists in some shape or form in your organization

The good news is that many companies already have a foundation in place that can support enhanced due diligence – whether through existing systems, past assessments, or supplier engagement processes.

Embedding more comprehensive value chain considerations into these existing systems and capabilities is often a matter of integration, not reinvention – an approach that reduces costs, strengthens compliance, and drives long-term value.



How can companies leverage existing systems and capabilities for supply chain due diligence

Building an effective supply chain due diligence system does not require starting from scratch. Companies can maximize existing efforts by focusing on three key areas: aligning practices with international frameworks, leveraging compliance efforts, and using digital enablers. Together, these strategies help create a more resilient, transparent, and future-proof supply chain due diligence framework.

✓ Align due diligence practices with international frameworks

Several countries, including Switzerland and France, have enacted due diligence regulations, largely grounded in internationally recognized guidelines, such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs). Standards set by organizations like the International Labour Organization (ILO) also provide a critical foundation for responsible business conduct.

Many companies already conduct due diligence through internal governance mechanisms such as anti-corruption measures, or external processes like supplier onboarding and risk assessments. To enable comprehensive supply chain due diligence, existing practices can be strengthened by aligning them with international frameworks. Early alignment not only supports cross-jurisdictional compliance but also enhances readiness for emerging regulatory requirements.

As most supply chain due diligence regulations build on the OECD and other international frameworks, using these as a starting point prepares companies for any regulatory headwinds.

✓ Leverage regulatory compliance work

Beyond international frameworks many companies have developed valuable compliance foundations, which can be scaled to help achieve holistic supply chain due diligence: We've summarized the key steps below:

Use the Swiss DDTro as a springboard for more comprehensive due diligence

Swiss companies are already subject to supply chain due diligence obligations, either directly or indirectly through their operations and business relationships. Since 2022, Switzerland has enforced new due diligence and reporting requirements to address sourcing risks related to child labor and conflict minerals. Under the Swiss Due Diligence and Transparency Ordinance (DDTrO), companies dealing with these risks must comply with enhanced due diligence and transparency requirements

aligned with international frameworks. Swiss firms that have already conducted initial or detailed compliance assessments under this Ordinance can use it as a steppingstone for enhanced value chain due diligence.

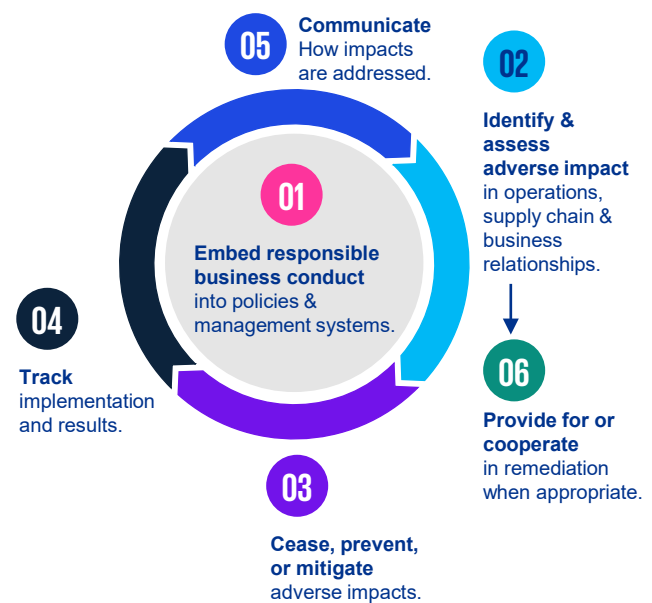
Build on the groundwork done for CSRD

Companies subject to the Corporate Sustainability Reporting Directive (CSRD) have already laid the groundwork for value chain due diligence through activities such as value chain mapping, stakeholder engagement, and Enterprise Risk Management (ERM) integration. While the EU Omnibus has modified CSRD applicability criteria, most companies have already conducted Double Materiality Assessments and have identified adverse impacts on people and the environment within their value chains. This foundational work can support broader due diligence frameworks and enhance value chain oversight.

Integrate EUDR into supply chain due diligence

The EU Deforestation Regulation (EUDR), taking effect on December 30, 2025, mandates full traceability of key agriculture commodities (cattle, cocoa, coffee, palm oil, rubber, soy, wood, and some of their derivatives). Companies in scope must conduct due diligence to identify, prevent, and mitigate deforestation risks in their supply chains. Approaching EUDR compliance as part of broader environmental and social due diligence efforts can reduce administrative burdens and improve efficiency. Find out more [here](#).

The six OECD due diligence steps for responsible business conduct:



✓ Leverage digital tools and technology

In a world of global and complex supply chains, digital tools for risk assessment and traceability have become essential for effective due diligence. While sustainability reporting has driven some digitalization, supply chain due diligence demands more advanced, purpose-built systems. Manual and disjointed data processes compromise data quality and weaken risk management. To move forward, companies should start by assessing business needs and scanning the market for digital solutions – whether standalone tools or those that integrate with existing systems – to strengthen supplier engagement and unlock more resilient, transparent supply chains.



Next Steps for Strengthening Supply Chain Due Diligence

To support this journey, KPMG recommends a 4-step approach to effectively implement and enhance supply chain due diligence.

Supply chain due diligence is not optional – it's both a business imperative and a moral responsibility that requires timely action from every company.

The delay in CSDDD's application should not be viewed as a reason to pause. Building more responsible supply chains takes time, resources, and strategic planning, but it doesn't have to be overwhelming. By starting early and leveraging existing systems and capabilities, companies can adopt a phased, practical approach tailored to their needs.

To accelerate impact, digital tools and strong supplier partnerships are essential to unlocking more resilient, transparent, and future-ready supply chains.

KPMG's 4-step approach for supply chain due diligence:

01 Assess

Lay the groundwork by identifying your risks and readiness

- Map environmental, human rights, and governance risks across your value chain.
- Evaluate existing systems and capabilities against international standards and frameworks.

02 Design

Design a future-proof due diligence model

- Customize your due diligence model based on risk profile, sector, and relevant regulations.
- Develop or update due diligence policies backed by board-level commitment.

03 Activate

Embed due diligence into daily operations

- Roll out due diligence procedures and integrate them into core operations.
- Upskill cross-functional teams on compliance obligations and risk ownership.

04 Accelerate

Go further, faster with digital tools & supplier engagement

- Leverage digital tools for data integration & reporting, traceability, and real-time risk insights.
- Engage suppliers through preventive and corrective actions, and capacity-building initiatives.

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