



Farm  
Sustainability  
Assessment  
BY SAI PLATFORM



# The Intersection of the FSA and EU Corporate Sustainability Due Diligence Directive

STRATEGY REPORT **2024**

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**BENCHMARKING AND STRATEGY FOR  
ALIGNING FSA PRACTICES WITH THE  
CSDDD FRAMEWORK**

How the FSA's framework aligns with the EU CSDDD and details on the development of an FSA module to help companies meet these requirements.

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# Executive Summary

## Benchmarking and Strategy for Aligning FSA Practices with the CSDDD Framework

*This strategy report examines how the Farm Sustainability Assessment (FSA) aligns with the EU Corporate Sustainability Due Diligence Directive (CSDDD), a landmark regulation that enhances corporate responsibility for human rights and environmental impacts. It will be fully implemented by 2027. This report explains the FSA's strategy for supporting companies in meeting these new requirements.*



### Benchmarking FSA to CSDDD Requirements

The report begins by examining the CSDDD's broad and mandatory scope, contrasting it with the FSA's voluntary nature. A detailed benchmarking analysis by Proforest reveals that while the FSA addresses many CSDDD requirements, there are notable gaps, particularly in governance, human rights, and environmental impact areas.



### FSA Module for CSDDD Alignment

In response to these gaps, the report proposes developing a dedicated FSA module specifically for CSDDD compliance. This module will focus on key aspects like risk identification, prevention, and mitigation, directly aligning with the

CSDDD's core requirements. The report also outlines essential strategic enhancements for the FSA, including quick-win improvements and more extensive long-term projects.



### Project Timelines

Finally, the report provides a clear timeline for developing and implementing the FSA module, highlighting crucial milestones like public consultations and on-farm pilots. Set to launch by December 2024, this module will offer a structured, industry-recognised framework that leverages the FSA's strengths in continuous improvement and supply chain collaboration, guiding companies through the complexities of CSDDD compliance.



# 01 Introduction and Context

## Understanding the Corporate Sustainability Due Diligence Directive

In March 2021, the European Parliament called on the European Commission to propose binding legislation on corporate sustainability due diligence.[1] In February 2022, the Commission adopted a proposal for a Directive on this matter[2], which was formally adopted in May, 2024.

Member States have two years to incorporate the Directive into national law and communicate the relevant texts to the Commission. Large companies will have an additional two years to start complying (expected 2027)

The new proposal sets out a corporate due diligence duty to identify, prevent, bring to an end, mitigate and account for adverse human rights and environmental impacts in the company's own operations, its subsidiaries and their value chains[4] (see Figure 1).

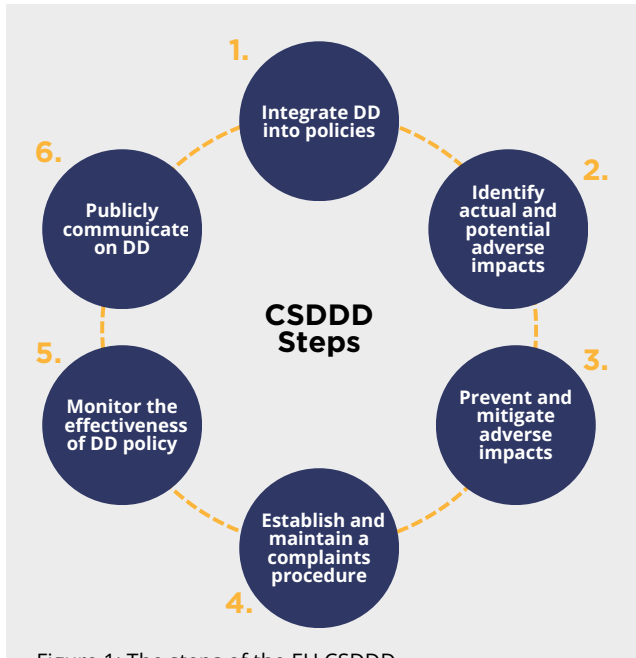


Figure 1: The steps of the EU CSDDD

### CSDDD is applicable to [3]

#### Large EU limited liability companies & partnerships

+/- **6,000 companies** - >1000 employees and >EUR 450 million turnover (net) worldwide.

#### Large non-EU companies

+/- **900 companies** - > EUR 450 million turnover (net) in EU. Provisions to ease compliance and reduce the burden on companies across value chains.

#### SMEs

Micro companies and SMEs are not directly covered by the rules, but the Directive includes support measures for those indirectly affected as business partners in value chains.

[1] European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability

[2] Proposal for a Directive on corporate sustainability due diligence and annex (europa.eu)

[3] Announcement of CSDDD adoption

[4] Corporate sustainability due diligence (europa.eu)



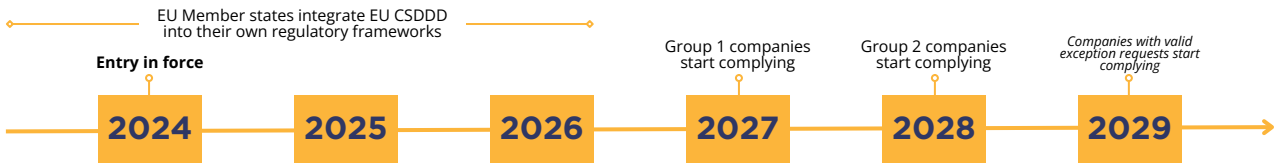


Figure 2: Provisional timeline of implementation of the EUCSDDD



**EU CSDDD Definitions:**

**‘Adverse environmental impact’** means an adverse impact on the environment resulting from the violation of one of the prohibitions and obligations pursuant to the international environmental conventions listed in the Annex, Part II;

**‘Adverse human rights impact’** means an adverse impact on protected persons resulting from the violation of one of the rights or prohibitions listed in the Annex, Part I Section 1, as enshrined in the international conventions listed in the Annex, Part I Section 2.

In addition, it requires certain large companies to adopt a plan to ensure that their **business strategy is compatible with limiting global warming to 1.5 °C** in line with the Paris Agreement.

The Directive requires Member States to set up rules and penalties for companies that infringe on the law. Each Member State must also appoint an authority to enforce these rules. Additionally, Member States need to update their **civil liability** laws to cover damages caused by companies failing to meet due diligence obligations.

**FSA’s Role in Facilitating CSDDD Conformance**

The FSA as a voluntary sustainability scheme already plays a role in helping to scale and promote responsible and sustainable business practices. This means that it is in a reasonably strong place to help user companies conform with the requirements of the EU CSDDD.

However, it is important to highlight the difference in scope of the legislation versus the FSA. The FSA was designed as a voluntary sustainability scheme, aiming to align the industry, and to support verified claims on a particular crop produced on farm. Conversely, the due diligence legislation covers the whole operation of companies, regardless of whether any products/operations are verified or not. The scope of the EU CSDDD is much broader than the FSA.



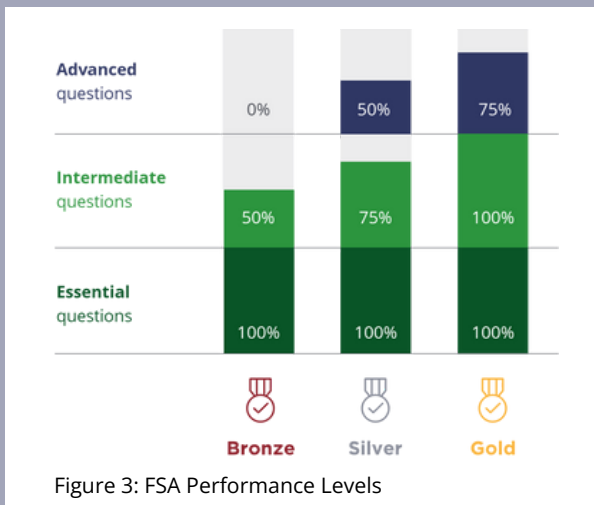


# Benchmarking the FSA Against CSDDD

## Benchmarking Review: Process Overview

Proforest conducted a comprehensive benchmark of the FSA against the EU CSDDD (version February 23, 2022)[5]. This compared the FSA Self-Assessment Questionnaire (SAQ), other FSA normative documents, FSA Governance Framework, FSA Benchmarking Protocol, FSA Theory of Change, and various assurance-related documents, against the EU CSDDD requirements.

The SAI Platform Secretariat provided initial feedback on the benchmark. Proforest then prepared a detailed report of their findings. This was reviewed by the SAI Platform Secretariat and shared with the FSA Benchmarking Workstream. Proforest presented their findings at the FSA Benchmarking Workstream meeting on December 18, 2023, where members had the opportunity to provide comments and feedback.



## Key Insights from the Benchmarking Analysis

The FSA SAQ includes 139 questions (with sub-questions), with 72 relevant to the CSDDD. Among these relevant questions **36%** are **Essential**, **53%** **Intermediate**, and **10%** are **Advanced**.

Conforming to the CSDDD using the FSA requires more than Bronze Level performance, as Advanced questions are not mandated at this level. It could be achieved at Silver or Gold, provided that:

- ◆ **For Silver**, 75% of Intermediate and 50% of Advanced questions cover *all CSDDD-relevant elements*.
- ◆ **For Gold**, 75% of Intermediate and all Advanced questions include *all CSDDD-relevant elements*.
- ◆ Solutions are developed for elements **not currently addressed** by the FSA.
- ◆ Solutions are developed for elements only **partially covered** by the FSA.

The benchmark indicates that several CSDDD requirements are partially covered or missing from the FSA SAQ. Proforest also identified issues related to the FSA's governance and assurance practices.

The FSA's Benchmarking Workstream reviewed Proforest's findings and grouped them into four areas to determine their potential inclusion in the FSA System:

1. Essential and quick win
2. Essential but longer-term project
3. Not for now
4. Likely to remain outside the FSA System

[5] Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and Amending Directive (EU) 2019/1937



## Quick Wins: Immediate FSA Enhancements for CSDDD Alignment

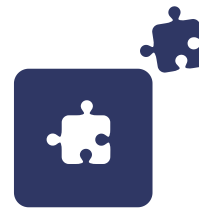
*The Benchmarking Workstream identified three areas of the FSA which could be easily addressed in order to align more closely with the legislation.*



### FSA SAQ Practices: *Partially covered*

#### Requirements that require further clarification on:

- business legality (FSA1)
- protection of socio-cultural sites (FSA1)
- land conflicts (FSA10)
- community access to livelihoods (FSA10)
- community access to livelihoods (FSA13)
- chemical storage (FSA43a,b,c,d,e)
- restoration or compensation of negative environmental impacts (FSA67)
- engagement with communities on biodiversity (FSA69)
- GHG emissions monitoring (FSA75)
- withholding of workers' papers (FSA76)
- young workers (FSA97)



### FSA SAQ Practices: *Not adequately covered*

#### Requirements on:

- Land acquisition and involuntary resettlement
- Speculative land investments
- Compensation and benefits for displaced persons/loss of assets (potentially at FMGC level)
- Indigenous people's rights
- Monitoring working conditions
- Worst forms of child labor (ILO 182)
- Workers' representation where restricted by law
- Negative environmental impacts
- Carbon sequestration
- Measures to mitigate the risk of GHG emissions (fire)
- Climate-related hazards
- Protection of socio-cultural sites (implied in the FPIC requirement but lacks clear wording)

## FSA Governance Framework

Increase the opportunity for civil society members to participate in the FSA's revision.







### Long-Term Projects: Strategic FSA Improvements

Enhance the transparency of the FSA development process by, for example, enabling wider public consultation during FSA updates, for greater periods of time.

### Future Considerations: Deferred Enhancements

Revise the frequency of FSA audits to every two years to align with the reporting timelines of companies that need to be EU CSDD compliant.

### Outside the Scope: FSA Exclusions for CSDDD Alignment

#### FSA Assurance

The development of a traceability/Chain of Custody (CoC) system to track FSA verified products from the farm to the end user.

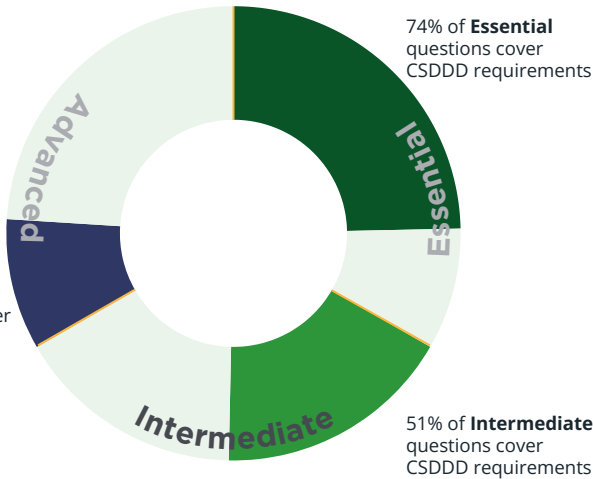
#### Impact Assessments and Environmental Management Guidance

- ◆ Social Impact Assessment (SIA)
- ◆ Environmental Impact Assessment (EIA)
- ◆ Human Rights Impact Assessment (HRIA)
- ◆ Environmental Management System (EMS) and external input on restoration or compensatory approaches

## Question-Level Requirements supporting CSDDD

### Essential

- FSA1: Requirement on business legality
- FSA43: Requirement on chemical storage
- FSA76: Requirement on withholding of workers' papers
- FSA97: Requirement on young workers



### Intermediate

- FSA10: Requirement on land conflicts and community impact
- FSA69: Requirement on engagement with communities on biodiversity

### Advanced

- FSA13: Requirement on community access to livelihoods
- FSA67: Requirement on restoration or compensation of negative environmental impacts
- FSA75: Requirement on GHG emissions monitoring



# 3 Designing an FSA Module for CSDDD Alignment



## Module Rationale: Aligning FSA with CSDDD

Based on Proforest's benchmarking analysis of the FSA, SAI Platform has decided to develop an EU CSDDD Module in the FSA System to support FSA users to address the EU CSDDD. The FSA is well-suited to do this for several reasons:

- ◆ The FSA is **integrated** into SAI Platform members' supply chains, crucial for scaling responsible business practices.
- ◆ The FSA is **versatile**, applicable to all crops, regions, and farming systems, regardless of size.
- ◆ The FSA fosters ongoing dialogue with farmers and supply chains, promoting **continuous improvement**.
- ◆ The FSA is globally **trusted** and has a strong reputation among companies.
- ◆ 58% of FSA questions are already **highly relevant** to the EU CSDDD.



Creating a separate module for the EU CSDDD requirements, rather than integrating them into the FSA 3.0 Self-Assessment Questionnaire, is more practical. The relevant questions are spread across different levels—essential, intermediate, and advanced—so linking the module to a specific FSA performance level isn't feasible. Additionally, since not all SAI Platform members need to comply with the legislation, making it an optional module is sensible. This flexible approach also allows SAI Platform to avoid a full review of the entire FSA System, enabling quicker development to meet members' needs.



# Adopting a Risk-Based Approach for CSDDD Alignment

The EU CSDDD requires companies to identify, prevent, address, mitigate, and account for adverse human rights and environmental impacts across their operations, subsidiaries, and value chains. The following 6-step process outlines how companies can achieve compliance, as illustrated in Figure 4 below:

1. Adopt a due diligence policy
2. Identify risks
3. Prevent or mitigate risks
4. Establish a complaints procedure for affected peoples
5. Monitor the effectiveness of the due diligence measures
6. Communicate relevant due diligence information to the competent authorities



The module SAI Platform is developing will focus on supporting the identification (Step 2), risk prevention/mitigation (Step 3), and monitoring (Step 5) stages of the due diligence process, as highlighted in green in Figure 4. The FSA's core philosophy of fostering continuous improvement among supply chain actors and farmers aligns with these steps.

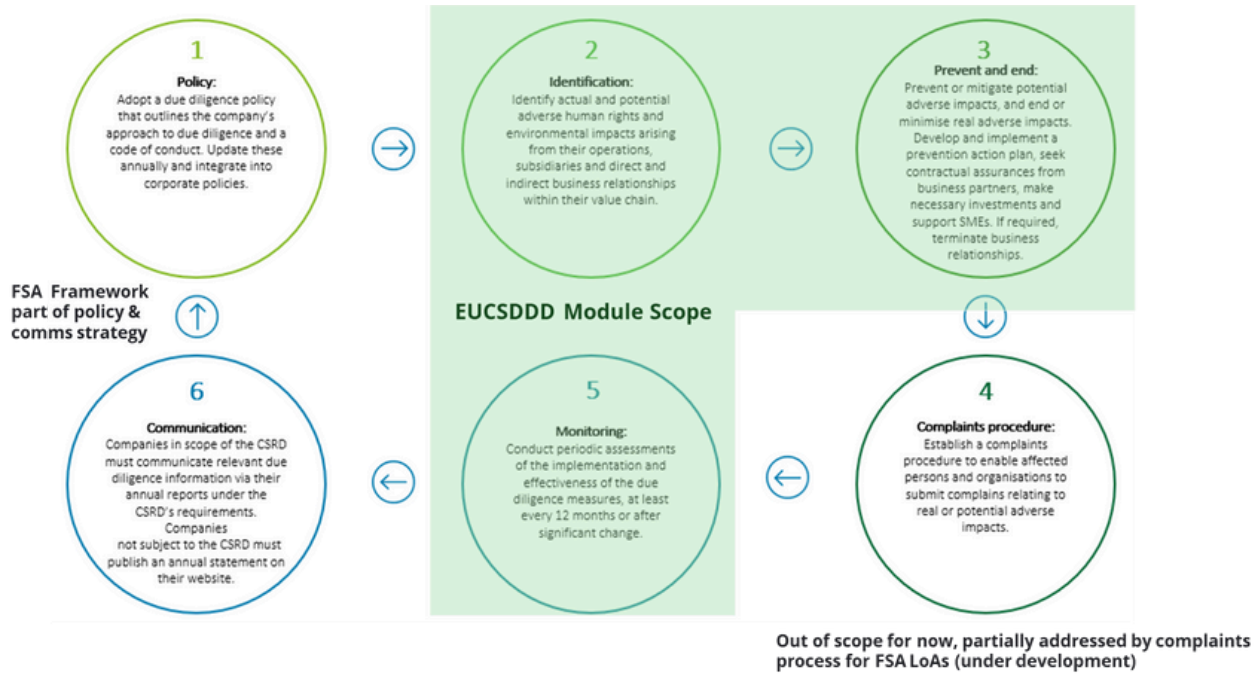


Figure 4: Steps of CSDDD in scope for FSA module development.



## Designing an FSA Module for CSDDD Alignment

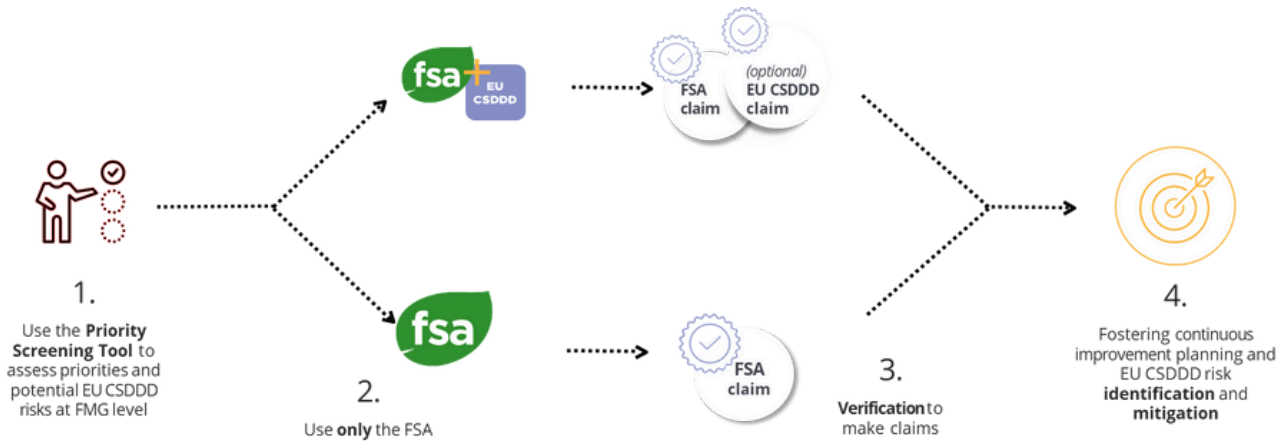


Figure 5: FSA and FSA+CSDDD module implementation routes.

## Integrating CSDDD into the Broader FSA Framework

Figure 5 outlines the changes that are proposed to the FSA System when companies decide to implement the EU CSDDD module.

As a first step, the Priority Screening Tool (PST) will be adapted to help identify any EU CSDDD risks within a Farm Management Group (FMG). This tool, completed by the FMG Coordinator, traditionally identifies relevant topics for the FMG's continuous improvement plan. With slight modifications, it could also identify potential EU CSDDD risks.

If the PST flags potential risks, users will be advised to use the farm-level EU CSDDD Module alongside the regular FSA 3.0. In this case, farmers will answer an additional set of questions (approximately 20), focusing on areas of the EU CSDDD that are only partially or not covered by the FSA, as identified by Proforest. These questions will supplement the 58 EU CSDDD-relevant

questions already included in the FSA, which will be identified for the user. The new module questions cover the following FSA topics: Farm Management and Community, Biodiversity, Air Quality and Emissions, and Labour Conditions. In addition, a new topic, Land Acquisition is also covered in the Module.

After completing the on-farm module, users will have the option to verify the results through a third party to make claims. Any identified risks must be included in a continuous improvement plan to mitigate them. While SAI Platform is still determining the types of claims allowed, it's important to note that the FSA will not become a certification scheme, and the existing verification process will remain unchanged.

The EU CSDDD module will not be the only way to comply with the legislation; it can be done outside the FSA System. However, the module offers a structured, industry-recognised framework that is easy to communicate and aligns with the FSA's strengths in continuous improvement and fostering supply chain dialogue.

# Project Timelines and Milestones

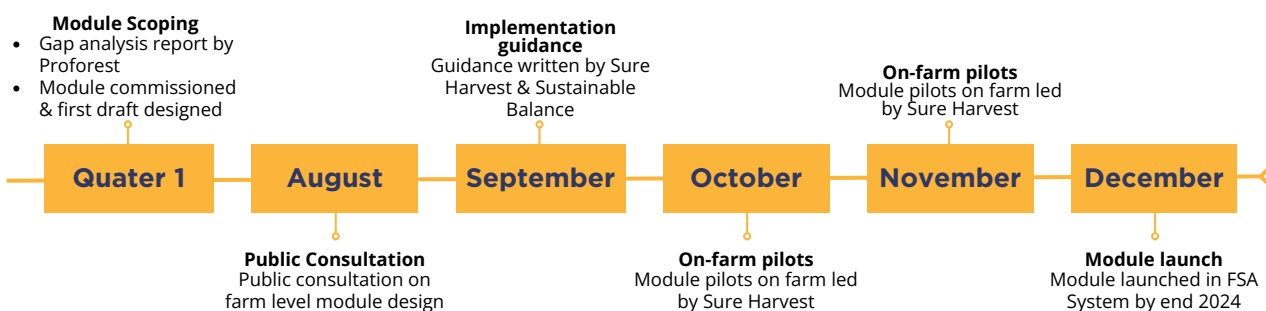


Figure 6: 2024 development timeline

Figure 6 highlights the key development dates for the EU CSDDD Module. The module will be launched in the FSA System by the end of December 2024. SAI Platform members/FSA users have two opportunities to feed into the module's development:

- ◆ Via the **public consultation** running throughout August 2024
- ◆ By participating in the **on-farm pilots** of the module which will be held in late October/November



If you would like more information about the module or would like to participate in the public consultation or on-farm pilots, please do not hesitate to contact FSA Manager Joe Iveson: [jiveson@saipatform.org](mailto:jiveson@saipatform.org)



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