

Juridification of ESG in European Union Law: An Analysis of the CSRD and CSDDD from the Perspective of Public Economic Law and Environmental Protection Law*

Justyna PRZEDANSKA

PhD, University of Gdańsk, Faculty of Law and Administration,
Department of Public Economic Law and Environmental Protection, Poland,
ORCID 0000-0002-3558-3969

Correspondence should be addressed to: Justyna PRZEDANSKA, justyna.przedanska@ug.edu.pl,

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Abstract

This article analyses the juridification of Environmental, Social and Governance (ESG) frameworks in European Union law through an examination of two key regulatory instruments: the Corporate Sustainability Reporting Directive (CSRD, Directive (EU) 2022/2464) and the Corporate Sustainability Due Diligence Directive (CSDDD, Directive (EU) 2024/1760). The motivation for the study lies in the growing role of ESG in EU economic regulation and the observable shift from voluntary, managerial standards towards binding public-law obligations addressed to undertakings operating on the EU market. While existing literature extensively examines ESG from managerial, financial and organisational perspectives, it has paid comparatively limited attention to the public-law dimension of ESG as a regulatory category. In particular, there is a lack of integrated legal analysis treating the CSRD and the CSDDD as elements of a single, coherent regulatory regime rather than as isolated instruments. This article addresses that gap by analysing the combined regulatory logic and effects of these Directives from the perspectives of public economic law and environmental protection law. The research is based on doctrinal legal analysis combined with systemic and functional interpretation of EU law. It examines the normative structure, regulatory assumptions and legal consequences of the CSRD and the CSDDD, situating them within the broader architecture of EU sustainability regulation. The article demonstrates that, taken together, the CSRD and the CSDDD juridify ESG by coupling compelled transparency with substantive due diligence obligations across the chain of activities. This regulatory model shifts the protection of environmental and human rights interests upstream to corporate planning and risk management, while simultaneously generating regulatory tensions related to proportionality, formalisation and the risk of procedural compliance without substantive change.

Keywords: CSRD; CSDDD; corporate sustainability due diligence; sustainability reporting

Introduction

The concept of corporate social responsibility (CSR), long developed primarily as a voluntary standard, has gradually evolved into a broader and more operational framework commonly referred to as ESG (Environmental, Social and Governance). Whereas CSR has often been framed as an ethical, reputational or managerial category, ESG increasingly functions as a set of criteria for measuring risks and impacts, as well as a language for describing the relationship between economic activity and values protected by public law. The three components of ESG – environmental, social and corporate governance – identify areas in which corporate activity may generate adverse effects, and areas in which the legal system (in particular EU law) designs expected standards of due diligence, transparency and accountability.

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In this sense, ESG is programmatic and, at the level of narrative, is frequently presented as an ideal: it is meant to trigger changes in market practices, correct the short-term logic of profit maximisation, strengthen environmental protection and human rights, and stabilise trust in markets through improved governance and the prevention of abuses. Yet the ideal itself – even if socially resonant – does not, of itself, guarantee effectiveness.

As the accounting and finance literature indicates, the integration of ESG is often portrayed as an organisational and calculative process which does not necessarily lead to a real transformation of the relationship between markets and publicly protected values (Cederberg, 2019).

What ultimately determines the strength of ESG's impact lies at the institutional level: at the point where ESG frameworks cease to be merely expected (soft) norms and become required (hard) norms. The key turning point is therefore not the popularity of ESG as a concept, but its juridification. By juridification I mean the incorporation of ESG content into the legal order through the creation of obligations, enforcement mechanisms, sanctions and oversight tools.

In EU law, the juridification of ESG takes the form of coupling reporting instruments with due diligence instruments. Among the most important legal acts shaping this trajectory are CSRD on corporate sustainability reporting (European Parliament and Council, 2022), and CSDDD on corporate sustainability due diligence (European Parliament and Council, 2024). Both instruments develop earlier solutions – especially those related to non-financial reporting – and form part of a wider regulatory ecosystem that also includes, inter alia, rules on sustainability disclosures in the financial sector and the taxonomy of sustainable activities. Their significance, however, goes beyond being ‘another legislative step’. Together, the CSRD and the CSDDD lay the foundations of a new regulatory regime that explicitly constructs undertakings as addressees of obligations linked to the EU's public objectives.

From the perspective of public economic law, the public-law character of this process is particularly salient. The CSRD transforms reporting from a practice of corporate communication into an instrument of compelled transparency. The requirement to disclose data on environmental impacts, risks, policies and targets becomes a regulatory mechanism: the undertaking is required to carry out extensive self-scrutiny (including risk identification and risk management) and then to make the results publicly available. Transparency thus becomes a disciplining tool – both through market institutions (investors, contracting partners, insurers) and through potential social scrutiny. The CSDDD goes further still. It assumes that corporate responsibility does not end at the boundaries of the undertaking's organisational structure; rather, it extends to the ‘chain of activities’, covering relationships with subsidiaries, suppliers and business partners within stable or foreseeable commercial relationships. Due diligence is framed here as a continuing obligation: to identify, prevent, mitigate and – where necessary – bring to an end adverse impacts on human rights and the environment.

From the standpoint of environmental protection law, the juridification of ESG strengthens the importance of prevention and risk management. On the one hand, information gains weight as a protective instrument: reporting is no longer a neutral ‘description of reality’, but part of a regulatory architecture designed to induce corrective changes in production, investment and logistics practices. On the other hand, by relying on the notion of a chain of activities, EU law attempts to regulate adverse impacts materialising in transboundary networks of economic relations – precisely where traditional environmental instruments often encounter jurisdictional or informational barriers.

The purpose of this article is to analyse the regulatory assumptions of the CSRD and the CSDDD and their consequences from the perspectives of public economic law and environmental protection law. The article advances the thesis that, considered together, both instruments do not merely ‘support’ ESG; they juridify it by establishing a coherent model: (1) compelled self-scrutiny and transparency (CSRD) and (2) due diligence duties and accountability across the chain of activities (CSDDD). The analysis further shows how these instruments mutually reinforce one another, what types of obligations they construct, and what regulatory tensions they generate at the intersection of markets, oversight and environmental protection.

Methodology and Literature Review

This article is based on a doctrinal legal analysis combined with systemic and functional interpretation of European Union law. The analysis focuses on binding EU legal instruments shaping corporate sustainability obligations, in particular the Corporate Sustainability Reporting Directive (CSRD) and the Corporate

Sustainability Due Diligence Directive (CSDDD), and examines their regulatory assumptions, normative structure and legal effects.

From the perspective of public economic law and environmental protection law, ESG is treated not as a managerial or descriptive concept, but as a regulatory category incorporated into the EU legal order. The systemic interpretation situates the CSRD and the CSDDD within the broader architecture of EU sustainability regulation, including reporting, due diligence and accountability mechanisms, while the functional interpretation is used to assess the regulatory roles performed by these instruments, such as compelled transparency, preventive risk management and the allocation of responsibility along the chain of activities.

The analysis draws on EU directives, official EU legal documents and academic literature in public economic law and environmental protection law. Selected interdisciplinary studies are used only insofar as they assist in explaining the regulatory operation and practical implications of ESG juridification. This methodological approach allows the article to capture how informational and procedural techniques are transformed into public-law obligations and how these obligations reshape the relationship between market activity and the protection of public interests.

ESG, originally rooted in investment and managerial practice, has undergone a significant normative transformation in recent years. Within the EU legal order, it is no longer merely a set of extra-legal assessment criteria; it increasingly acquires the features of a regulatory category. This means that environmental, social and governance components are no longer only the subject of voluntary corporate declarations, but become elements in the construction of legal obligations, supervisory mechanisms and accountability instruments. ESG is thereby incorporated into the logic of public law, where concepts such as regulatory risk, prevention, proportionality and enforceability are central.

From the perspective of EU law, the environmental component of ESG is of particular importance. It covers the assessment of the environmental impacts of economic activity in a broad sense – from emissions to air, water and soil (with particular attention to greenhouse gas emissions), through the sourcing and use of natural resources, to impacts on biodiversity and changes in land use, including deforestation.

The social component of ESG also gains a regulatory dimension, although its juridification is more complex. It includes issues related to the protection of workers' rights, occupational health and safety, anti-discrimination, and the impacts of corporate activity on local communities and consumers. In EU law, such matters have long been regulated through sectoral instruments; within ESG, however, they are linked to mechanisms of corporate accountability for effects extending beyond the undertaking's immediate organisational structure. Particular importance attaches here to the relationship between human rights protection and business activity conducted through complex, often transboundary supply chains.

The governance component plays a binding function within ESG. It concerns corporate management structures, decision-making mechanisms, executive remuneration systems, and anti-corruption and other integrity safeguards. In regulatory terms, governance is not an end in itself; it is a condition for the effective implementation of environmental and social obligations. EU law increasingly assumes that without appropriate governance structures and internal control mechanisms, neither reliable reporting nor meaningful due diligence can be achieved.

While incorporating these elements into ESG is not new from the perspective of environmental protection law, what is new is the manner in which they are operationalised. Instead of classic administrative instruments based on permits, emission limits or prohibitions, informational and procedural instruments are playing a growing role – enabling the identification, assessment and management of environmental risks in a continuous and systematic way.

In the literature, ESG integration is analysed predominantly from organisational and economic perspectives, as a tool to strengthen corporate sustainability performance, with comparatively limited attention to its normative and public-law dimensions (Barbosa et al., 2023). Literature reviews on sustainable supply chain management and ESG, while increasingly methodologically sophisticated, remain largely embedded in managerial and organisational research paradigms, which restricts reflection on the normative and public-law dimension of new regulatory obligations (Durach et al., 2017). The consolidation of research on ESG and sustainable management within the paradigm of systematic literature reviews – characteristic of management studies – tends to favour the synthesis of organisational practices rather than the analysis of normative regulatory mechanisms (Tranfield et al., 2003).

The incorporation of ESG into the EU legal order has proceeded through a gradual shift from soft to hard instruments. Initially, non-binding guidelines, best-practice standards and recommendations dominated. Over time, these were supplemented by disclosure obligations intended to increase transparency and enable market-based assessments of corporate conduct. A further stage is now observable: the construction of direct substantive obligations, the breach of which may result in administrative sanctions or civil liability. ESG thus becomes part of a regulatory architecture in which information, procedure and accountability together shape corporate behaviour.

From the standpoint of public economic law, it is also significant that ESG regulation relies on a selective approach to the addressees of norms. Obligations are designed primarily for large undertakings, entities of systemic relevance and issuers operating on regulated markets. This reflects the assumption that such entities have the greatest potential impacts on the environment and society, as well as the organisational resources needed to implement complex compliance mechanisms. Through the notion of a chain of activities, however, ESG regulation also exerts an indirect effect on smaller entities, which become part of the network of obligations generated by larger market actors.

As a result, ESG in EU law should be understood not as a uniform set of substantive norms, but as a regulatory framework in which multiple techniques intersect: informational duties, due diligence procedures, accountability mechanisms and elements of public oversight. It is precisely this multi-layered character that determines the juridifying nature of ESG. What is at stake is not merely the ‘regulation’ of new domains, but a re-formulation of the relationship between markets and the public interest by embedding undertakings in the pursuit of the EU’s environmental and social objectives.

Results and Discussion

The CSRD as an Instrument of Compelled Transparency and Corporate Self-Scrutiny

The CSRD – Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 – constitutes a key stage in the juridification of ESG frameworks in EU law. Although formally an amending act (inter alia, amending Directive 2013/34/EU on annual financial statements), its regulatory significance goes far beyond technical adjustments to reporting duties. The CSRD reconfigures the role of reporting, transforming it from an informational tool into an instrument of public-law steering of corporate behaviour.

A central premise of the CSRD is the substantial expansion of the scope and depth of sustainability-related information to be disclosed. The Directive assumes that the prior model of non-financial reporting under the NFRD did not provide sufficient comparability, reliability or completeness of data (European Parliament and Council, 2014). As a result, disclosures made by undertakings did not perform the regulatory function envisioned by the EU legislature. The CSRD responds by introducing uniform European Sustainability Reporting Standards (ESRS), requiring assurance of sustainability reporting, and progressively expanding the range of entities covered.

Research on ESG disclosure motives indicates that regulatory pressure and stakeholder expectations remain key drivers of corporate reporting, alongside the risk of instrumental disclosures aimed at reputation-building (‘greenwashing’), which reinforces the importance of binding and enforceable reporting standards (Khamisu et al., 2024).

From the perspective of public economic law, the definition of the addressees of reporting duties is crucial. The CSRD retains the selective character of regulation, targeting primarily large undertakings and public-interest entities, but substantially broadens the personal scope compared with earlier rules. Reporting obligations are phased in: first for large public-interest entities already covered by the NFRD, then for other large undertakings, and subsequently for listed SMEs. This design reflects the intention to ‘saturate’ the market gradually with ESG duties while maintaining proportionality.

The essence of the CSRD, however, lies not in the mere extension of the scope of obliged entities, but in a qualitative shift in the obligation. Sustainability reporting must cover not only descriptions of policies and declared targets, but also information enabling an understanding of how ESG matters affect the undertaking’s development, performance and position, and how the undertaking’s activity impacts those matters. The principle of double materiality assumes a central role, requiring analysis both of financial risks arising from ESG issues and of the undertaking’s actual or potential impacts on the environment and society (Barker and Mayer, 2025).

In this sense, the CSRD constructs an obligation of comprehensive, systemic corporate self-scrutiny. Undertakings must identify areas of risk, assess their significance, implement appropriate policies and procedures, and document these actions in a manner that enables external verification. This self-scrutiny is neither voluntary nor purely internal: it is legally compelled and coupled with the duty to disclose its results. Reporting thereby ceases to be primarily narrative and becomes part of a regulatory mechanism that subordinates internal organisational processes to public objectives.

From the viewpoint of environmental protection law, the CSRD strengthens the role of information as an instrument of prevention. The duty to disclose data on emissions, resource use, impacts on biodiversity or progress towards climate targets does not directly impose classic substantive standards, but creates the conditions for regulatory pressure. Information becomes the basis for investment, contracting and insurance decisions, as well as a reference point for supervisory authorities and civil-society organisations. The CSRD thus fits into a broader trend of using informational instruments for indirect steering of market behaviour.

The assurance requirement for sustainability reporting is also significant. By imposing requirements concerning the independence, objectivity and confidentiality of assurance providers, the CSRD strengthens the credibility of disclosed data and limits the risk of its instrumentalisation. In public-law terms, this entails incorporating private actors into quasi-control functions, characteristic of contemporary regulatory models in which the state does not supervise every aspect of economic activity directly, but designs frameworks that facilitate dispersed ex post control.

Importantly, the CSRD does not operate in isolation. It forms part of a wider regulatory ecosystem, interconnected with sustainability disclosure rules in the financial sector and with the EU taxonomy. In this context, sustainability reporting becomes infrastructural: it creates a database on which other regulatory instruments depend, including those related to financing, oversight and accountability.

Accordingly, the CSRD can be seen as the first pillar of ESG juridification in EU law. Through compelled transparency and legally structured corporate self-scrutiny, it prepares the ground for a further expansion of regulatory responsibility, now also pursued through the CSDDD.

The CSDDD and the Concept of the Chain of Activities

Directive (EU) 2024/1760 on corporate sustainability due diligence (CSDDD) constitutes the second, qualitatively different pillar of ESG juridification in EU law. While the CSRD focuses on informational duties and compelled transparency, the CSDDD introduces direct substantive obligations aimed at actively preventing adverse impacts of business activity on human rights and the environment. The Directive is based on the assumption that achieving the EU's sustainability objectives cannot be secured solely through market and informational mechanisms; it requires the normative inclusion of undertakings in the pursuit of sustainability objectives (WCED, 1987).

A central element of the CSDDD is the due diligence obligation, understood as a continuous and systematic process of identifying, preventing, mitigating and – where they occur – bringing to an end adverse impacts. This obligation covers both actual and potential impacts, and is not confined to the undertaking's own operations; it extends to commercial relationships forming the 'chain of activities'. In this way, the Directive departs from a classic approach in which regulatory responsibility largely followed the legal boundaries of the undertaking.

Research on global supply chains indicates that human rights violations and social sustainability problems are structural and systemic rather than merely incidental, which justifies regulatory instruments that extend beyond the confines of a single undertaking (Cao et al., 2024).

The concept of the chain of activities constitutes the regulatory foundation of the CSDDD. Under the definition in Article 3 of the Directive, it includes relationships with subsidiaries, suppliers and business partners connected through stable or foreseeable commercial cooperation. This reflects the diagnosis that contemporary economic activity operates through complex, often transboundary networks in which environmental and social risks materialise not only at the level of final production, but also through extraction, processing, transport and distribution. The CSDDD therefore assumes that effective human rights and environmental protection requires regulating these relationships rather than merely the 'core' of the undertaking's activity.

From the perspective of public economic law, it is important that the CSDDD frames due diligence as an obligation of diligent conduct rather than an obligation of result. Undertakings are not liable for every adverse impact in the chain of activities, but for failing to implement measures that are adequate and proportionate to the degree of

control, foreseeability and influence they exercise over a given entity or process. This approach illustrates an attempt to balance regulatory effectiveness with the realities of global value chains, where corporate leverage differs and is often indirect.

Supply chain management research nonetheless suggests that the practical implementation of due diligence duties faces significant constraints. Studies show a dominance of audits and codes of conduct as primary compliance tools, alongside their limited effectiveness in identifying and eliminating labour rights violations in global supply chains (Skerritt et al., 2025). Earlier classic studies on corporate self-regulation likewise pointed to the limited effectiveness of codes of conduct and other voluntary mechanisms in combating human rights violations in global supply chains, including child labour (Kolk and van Tulder, 2002).

The CSDDD places particular emphasis on environmental protection and climate objectives. This reflects the belief that effective implementation of commitments under the Paris Agreement to the United Nations Framework Convention on Climate Change, adopted in Paris on 12 December 2015 and EU climate policy requires active engagement by the private sector. Undertakings covered by the Directive must integrate climate objectives into their operational and investment strategies, further shifting responsibility from internal compliance management towards broader commercial relationships. In this sense, the CSDDD strengthens the preventive function of environmental protection law by relocating it to the stage of planning and risk management.

The Directive's personal scope is defined by size thresholds and criteria linked to activity on the EU market. It covers large EU undertakings, parent companies of groups meeting specified criteria, and selected non-EU undertakings generating significant turnover in the EU. Although the final version abandoned separate treatment of 'high-impact sectors', the adopted design still signals the legislature's intention to focus on entities with the greatest potential impacts and organisational capacity.

An important element of the CSDDD is its accountability architecture. The Directive provides for administrative sanctions and, in certain situations, civil liability for damage resulting from failure to comply with due diligence obligations. This markedly strengthens enforceability and distinguishes the CSDDD from earlier instruments relying mainly on reputational pressure. At the same time, the Directive does not introduce full liability for the entire value chain; instead, it designs a graduated responsibility model reflecting the undertaking's actual influence.

Recent literature reviews indicate that the shift to mandatory due diligence fundamentally changes how supply chain risks are conceptualised, moving them from the sphere of voluntary management to the domain of regulatory accountability and legal compliance (Both and Wilhelm, 2025).

Consequently, the CSDDD shifts the centre of corporate regulatory responsibility from 'internal' compliance management towards the sphere of economic relationships in which undertakings operate. Undertakings are incorporated into the EU's sustainability policy as active participants in environmental and human rights protection, rather than merely as addressees of reporting obligations.

The CSRD and the CSDDD as a Coherent EU ESG Regulatory Regime

The analysis of the CSRD and the CSDDD leads to the conclusion that these Directives are not separate, autonomous regulatory instruments, but elements of a single, coherently designed regime for the juridification of ESG in EU law. Their interconnection is functional and systemic: the CSRD creates informational and epistemic infrastructure, while the CSDDD introduces substantive duties of action and accountability. Together, they construct a regulatory model in which knowledge about corporate impacts is coupled with an obligation to respond to identified risks and adverse effects.

From the perspective of public economic law, it is crucial that the CSRD and the CSDDD perform different but complementary regulatory functions. The CSRD assumes that the absence of reliable, comparable and complete information constitutes a major barrier to effective market regulation. Compelled sustainability reporting thus serves an infrastructural function, generating data necessary for risk assessment, public policy design and the enforcement of ESG standards. The CSDDD, in turn, uses this infrastructure as a starting point for due diligence obligations which cannot be meaningfully executed without prior identification and analysis of risks disclosed through reporting. In this sense, the CSRD can be understood as an instrument of 'regulatory knowledge', and the CSDDD as an instrument of 'regulatory action'.

From the viewpoint of environmental protection law, the coupling of the two Directives strengthens the preventive character of regulation. Environmental reporting does not end with describing emissions or resource use; it becomes part of decision-making that should lead to modifications of strategies, business models and relationships across the chain of activities. By imposing duties to prevent and mitigate adverse impacts, the CSDDD transforms information disclosed under the CSRD into a reference point for concrete protective measures. Accordingly, environmental protection is shifted upstream – from reacting to harm to managing the risk of harm occurring.

A further element of coherence is the shared orientation towards large undertakings and entities of systemic relevance. Although the personal scopes of the CSRD and the CSDDD are not identical, both assume that such entities play a key role in shaping market practices and standards across value chains. ESG regulation thus has a cascading character: obligations imposed on large undertakings generate indirect effects on smaller entities, which, as suppliers or business partners, are drawn into the implementation of due diligence and reporting standards. This mechanism extends regulatory impact without directly subjecting all market participants to uniform public-law duties.

From an institutional perspective, the CSRD and the CSDDD also fit into a broader trend towards the ‘privatisation’ of regulatory functions, increasingly characteristic of contemporary economic regulation. Critical analyses of ESG practices suggest that without normative support, ESG integration often remains procedural and fragmented, preserving a separation between ‘ESG’ and ‘the financial’ (Cederberg, 2019). Juridification does not automatically determine organisational practice: regulatory duties may instead be conceptualised as ‘affordances’ – frameworks of possible action – whose realisation depends on institutional, organisational and relational contexts (Volkoff and Strong, 2013).

In this context, the CSRD and the CSDDD may be seen as attempts to overcome this structural weakness by juridifying reporting and due diligence obligations. The literature also highlights the risk of strategic ambiguity in reporting and in implementing due diligence obligations, understood as formal compliance with regulatory requirements without any real change in supply-chain practices (Skerritt et al., 2025). Undertakings are no longer merely addressees of norms; they are incorporated into the pursuit of public objectives through duties of self-scrutiny, monitoring and the enforcement of standards in commercial relationships. The state retains the role of designing legal frameworks and enforcing sanctions, yet a significant share of control functions is shifted to organisational and contractual levels. In ESG terms, this means that environmental and human rights protection is pursued not only through classic administrative instruments, but also through market-based and managerial mechanisms embedded in public-law norms.

However, the combined operation of the CSRD and the CSDDD may generate regulatory tensions. On the one hand, there is a risk of formalisation and bureaucratisation of ESG duties, leading to a focus on procedural compliance at the expense of real improvements in environmental and social outcomes. On the other hand, the gradual expansion of reporting and due diligence obligations may create competitive pressures and proportionality concerns, particularly for undertakings operating in global chains of value. These tensions do not undermine the core regulatory logic, but indicate the need for ongoing monitoring and potential recalibration.

Overall, the CSRD and the CSDDD should be understood as elements of a single regulatory model that embeds ESG within the core of public economic law and environmental protection law. This model is built on the coupling of information, duties of action and accountability, and aims to progressively transform market practices in line with the EU’s sustainability objectives.

Conclusion: The Significance of ESG Juridification for Public Economic Law and Environmental Protection Law

The analysis of the CSRD and the CSDDD shows that ESG frameworks in EU law have ceased to be purely programmatic and have undergone clear juridification. ESG no longer functions merely as a set of soft managerial standards or extra-legal assessment criteria; it has been incorporated into a structure of public-law obligations addressed to undertakings operating on the EU market. This process entails a qualitative shift in the relationship between markets and the public interest: the objectives of environmental protection and human rights are increasingly integrated into the logic of economic regulation rather than treated as external constraints.

From the perspective of public economic law, what is particularly important is how the CSRD and the CSDDD reconfigure the role of undertakings. EU regulation does not simply impose additional administrative duties; it goes further by constructing undertakings as active participants in the implementation of public policies.

Reporting duties under the CSRD compel systematic self-scrutiny of business activity and its impacts, while the CSDDD imposes preventive and remedial duties across relationships constituting the chain of activities. As a result, undertakings are incorporated into a mechanism of co-responsibility for the pursuit of sustainability objectives, while retaining public-law oversight and sanctions.

From the standpoint of environmental protection law, ESG juridification strengthens the significance of prevention and risk management as core protective techniques. Rather than responding to harm already caused, regulation focuses on earlier stages of the economic cycle: identifying potential risks, planning measures to reduce the likelihood of harm, and monitoring the effectiveness of adopted solutions. Environmental reporting and due diligence duties thus enable a shift from repressive instruments to preventive ones, which corresponds to contemporary challenges arising from global and dispersed sources of impacts.

A key element of the analysed regulatory model is also the use of informational instruments to steer market behaviour. The CSRD demonstrates that information – if properly structured, verified and disclosed – can perform a regulatory function comparable to classic substantive norms. The coupling of reporting with due diligence duties under the CSDDD is designed to prevent ESG from being reduced to formal procedural compliance and to strengthen enforceability across the system. In this sense, ESG juridification is not merely the ‘sanctioning’ of new duties, but a redesign of how law intervenes in economic activity.

At the same time, the regime is not free from challenges. Its selective personal scope, the progressive expansion of duties and the cascading effects on smaller entities raise questions about proportionality and effectiveness. There is also a risk of excessive formalisation of ESG obligations, which could weaken their genuine protective potential. These challenges do not negate the fundamental regulatory logic, but point to the need for continued adjustment in implementation and application. Supply chain management research confirms that mandatory due diligence, though necessary, does not automatically eliminate the risk of formalised, superficial compliance – reinforcing the importance of public-law oversight and enforcement mechanisms under the CSDDD (Skerritt et al., 2025).

In sum, the CSRD and the CSDDD should be seen as elements of a coherent process of ESG juridification in EU law, leading to the durable embedding of environmental and human rights protection within the core of public economic law. This process redefines the role of undertakings, strengthens the preventive function of environmental protection law, and confirms the growing importance of informational and procedural instruments in the regulation of the economy. In contrast to dominant accounts of ESG as a tool for efficiency or a calculative practice, EU regulation gives ESG the character of a public-law obligation, shifting it from voluntary integration to normatively enforceable responsibility. In this sense, ESG juridification is not merely a response to current challenges; it is part of the long-term evolution of the EU regulatory model.

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