Original scientific paper

SUSTAINABILITY AND HUMAN RIGHTS BY MANDATE - THE PROMISE AND PITFALLS OF THE CSDDD

Paula Poretti, PhD, Associate Professor
Josip Juraj Strossmayer University of Osijek, Faculty of Law Osijek
Stjepana Radića 17, 31000 Osijek, Croatia
pporetti@pravos.hr

Petra Jurina, LLM, PhD Candidate
Ministry of Justice, Public Administration and Digital Transformation
Ulica grada Vukovara 49, 10000 Zagreb, Croatia
Petra1982jurina@gmail.com

ABSTRACT

The Corporate Sustainability Due Diligence Directive (CSDDD) represents a central pillar of the European Green Deal's effort to integrate sustainability and human rights obligations into corporate governance.

By imposing mandatory due diligence obligations on large EU and non-EU companies operating within the internal market to identify, prevent, mitigate, and account for adverse human rights and environmental impacts of their activities, subsidiaries, and value chains, the CSDDD marks a paradigm shift from voluntary corporate social responsibility frameworks toward enforceable legal duties.

However, its adoption has been significantly shaped by the introduction of the so-called Omnibus I package, which recalibrated the scope, obligations, and enforcement mechanisms of the original Commission proposal.

The analysis in the first part of the paper shows how the Omnibus I adjustments influenced the final adopted text of the CSDDD, assessing the implications for regulatory ambition, legal certainty, and corporate accountability. Based on a theoretical analysis of legislative documents and a comparative evaluation of pre- and post-Omnibus provisions, the paper argues that while the adopted CSDDD maintains the Green Deal's core objectives, Omnibus I reflects a pragmatic move toward regulatory simplification and political feasibility.

The second part of the paper examines the normative and practical implications of both legislative instruments, emphasizing the mechanisms through which they operationalize the protection of human and environmental rights. Further, it explores the challenges and opportunities associated with their implementation, including corporate compliance, liability and the intersection of EU law with international human rights norms. The analysis underscores the importance of integrating legal mandates with corporate governance to achieve tangible reductions in environmental degradation and human rights violations, thereby advancing the EU's strategic objectives of sustainable and responsible economic development.

The paper concludes that the CSDDD, even modified through Omnibus I, represents a significant step toward integrating sustainability, human rights and environmental protection into the core of EU corporate law, though its ultimate effectiveness will depend on careful legislative design and robust implementation. Together, these instruments address the historical inadequacies in corporate accountability that have often resulted in the reduction or violation of human rights and environmental rights.

***Keywords**: Directive 2024/1760 (CSDDD), European Green Deal, Human and environmental rights, Omnibus I, Sustainability*

1. INTRODUCTION

After two unsuccessful attempts, the EU Directive on Corporate Sustainability Due Diligence[1] (CSDDD, also known as CS3D) entered into force on 25 July 2024, making it mandatory for in-scope companies domiciled or operating in the European Union (hereinafter: EU) to undertake corporate sustainability due diligence[2] throughout their production activities.

Pursuant to Article 2 of the Treaty on the EU (hereinafter: TEU), "the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights". The EU is taking steps to strengthen its commitment to fairer and more transparent supply chains, thereby addressing the main goals outlined in Articles 3(5) and 21(2) TEU.[3]

The CSDDD is based on Article 50 (1) and (2), in point (g), and Article 114 of the Treaty on the Functioning of the European Union (TFEU). Pursuant to its dual legal basis, the Directive aims to harmonise legislation to ensure a level playing field within the EU internal market and avoid distortions of competition.

1 Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 (Text with EEA relevance) [2024] OJ L, 2024/1760, Accessed 10 February 2026, (CSDDD).

2 The CSDDD also refers to corporate sustainability due diligence as "risk-based human rights and environmental due diligence". The two terms are used synonymously.

3 Hoffmeister, F., *The European Regulatory Approach on Supply Chain Responsibility*, Zeitschrift für Europargechtliche Studien, 25 February 2022, p. 248.

Both provisions give the EU the competence to legislate internally: Article 50 TFEU contains the powers of the EU to adopt legislative measures in the field of coordinating company law, while Article 114 TFEU enables the EU to adopt measures concerning the approximation of laws affecting the internal market.

The CSDDD's main goals are to ensure that European and third-country companies conduct due diligence to identify, prevent, and address environmental and human rights impacts, and to establish complaint procedures in case of adverse impacts related to the company's operations and their subsidiaries, as well as to their entire value chain.

Hence, the CSDDD creates a framework of specific measures that in-scope companies are required to adopt, but it also assigns various responsibilities to EU Member States, including implementing accompanying measures (Article 20) and supervising compliance by creating national supervisory authorities (Article 24).[4]

By aligning[5] the legal framework in Europe with international soft law, including the UN Guiding Principles on Business and Human Rights[6] (UNGPs), the OECD Guidelines for Multinational Enterprises[7] (OECD Guidelines), and the OECD Due Diligence Guidance for Responsible Business Conduct[8], the CSDDD aims to create a fair, competitive environment. In some parts, the CSDDD directly references these instruments as Guidance (e.g., Recitals 20, 37, 51, 59) or in a general manner a (e.g., Recitals 5, 6, 14, 62). In this way, companies are encouraged to interpret and apply the CSDDD in accordance with the globally recognized standards, promoting trust in its legitimacy.

The CSDDD offers harmonization of a fragmented legal landscape[9] on sustainability due diligence of EU Member States. By doing so, it reflects the EU's idea

---

4 Garbellini Filho, L.H., *The EU Corporate Sustainability Due Diligence Directive: Migrant Workers and Emerging Challenges in Respecting Human Rights*, Spanish Yearbook of International Law, 28, 2025, p. 401

5 Villiers, C., *New Directions in the European Union's Regulatory Framework for Corporate Reporting, Due Diligence and Accountability: The Challenge of Complexity*, European Journal of Risk Regulation, Vol. 13, No. 4, 2022, p. 560

6 UN Office of the High Commissioner for Human Rights (OHCHR), *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework* (HR/PUB/11/04), New York and Geneva, 2011 [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf].

7 OECD, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, OECD Publishing, Paris, 2023 [https://doi.org/10.1787/81f92357-en].

8 OECD, OECD Due Diligence Guidance for Responsible Business Conduct, OECD Publishing, Paris, 2018[https://doi.org/10.1787/15f5f4b3-en].

9 Buhmann, K.; Feld, L., *Shifting boundaries: a transnational legal perspective on the EU Corporate Sustainability Due Diligence Directive*, Transnational Legal Theory, Vol. 15, No. 3, 2024, p. 371.

that "all businesses have a responsibility to respect human rights, which are universal, indivisible, interdependent and interrelated."[10]

This is obvious already from Article 1 of the CSDDD, which obligates companies to conduct human rights and environmental due diligence ("HREDD") on their own operations, subsidiaries, and business partners throughout their "chain of activities." In addition to the sustainability due diligence requirement and related liability, Article 1 also mandates the adoption of a climate change transition plan. The CSDDD will encourage companies to undertake stronger climate actions and align with the Paris Agreement's[11] goal of limiting global warming to 1.5°C.

This makes the CSDDD an essential tool for aligning corporate behavior with the Union's sustainability objectives under the EU Green Deal[12] and the EU Action Plan on Human Rights and Democracy.[13] The EU Green Deal, introduced in December 2019, is the European Union's master plan to transform its economy into a climate-neutral, circular, resource-efficient, and socially inclusive system by 2050. It provides a comprehensive roadmap for economic growth alongside environmental sustainability to address the climate crisis. Its key goals include reducing greenhouse gas emissions by at least 55 per cent by 2030 compared to 1990 levels, restoring biodiversity, transitioning to clean energy, and redesigning industrial, agricultural, and transport systems to operate within planetary boundaries.[14]

The Green Deal was influenced by increasing climate science warnings, the EU's commitments under the Paris Agreement, rising geopolitical pressures on energy security and raw material dependence, and the need to develop a more resilient, competitive, and innovation-driven economy.[15]

---

10 European Parliament, CSDDD - P9_TA (2024)0329 of (COD)(2022)0051 & (COM(2022)0071, (Recital 7), [https://www.europarl.europa.eu/RegData/seance_pleniere/textes_consolides/2022/0051/EP-PE_TC1-COD(2022)0051_EN.pdf], Accessed 11 February 2026.

11 Paris Agreement to the United Nations Framework Convention on Climate Change, Dec. 12, 2015, T.I.A.S. No. 16-1104., Available at: [https://unfccc.int/sites/default/files/resource/parisagreement_publication.pdf], Accessed 11 February 2026

12 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions. The European Green Deal, COM/2019/640 final, Available at: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52019DC0640], Accessed 10 February 2026.

13 Joint Communication to the European Parliament and the Council EU Action Plan on Human Rights and Democracy 2020-2024, JOIN/2020/5 final, Available at: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52020JC0005], Accessed 11 February 2026

14 See more on TraceX, Sustainability and Compliance Platform for Food and Agri supply chains, Available at: [https://tracextech.com/eu-green-deal-guide/], Accessed 11 February 2026.

15 *Ibid.*

Since the launch of the Green Deal in 2019, the EU has steadily increased regulation of ESG and human rights issues in supply chains, introducing complementary instruments such as the EU Taxonomy for Sustainable Activities[16], the EU Deforestation Regulation[17], the EU Forced Labour Regulation[18], and finally CSDDD.

By fostering a culture of sustainability and social responsibility, encouraging transparency and ethical practices, and strengthening the Green Deal's approach to transforming the European Union's economy to achieve climate neutrality by 2050, the CSDDD advances the Green Deal.[19]

2. OMNIBUS I

On 29 January 2025, the European Commission presented its Communication titled A Competitiveness Compass for the EU[20], which is to "guide the work in the coming five years and lists priority actions to reignite economic dynamism in Europe".[21]

This plan includes the Omnibus[22] Simplification Package (also known as Omnibus I), which aims to reduce reporting burdens for all companies by at least

16 Talala, A.; Pereira, E.; al-Masry, M.; Fowler, Richard M.E., *The EU corporate sustainability due diligence directive: implications and the Qatari case study*, The Journal of World Energy Law & Business, Vol. 18, Issue 4, 2025, p. 8.

17 Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making Available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (Text with EEA relevance) [2023] OJ L 150.

18 Regulation (EU) 2024/3015 of the European Parliament and of the Council of 27 November 2024 on prohibiting products made with forced labour on the Union market and amending Directive (EU) 2019/1937 (Text with EEA relevance), [2024], OJ L, 2024/3015.

19 Butt, J.; Kousar, F., *Driving Sustainable Growth: The Corporate Sustainability Due Diligence Directive as a Catalyst (CSDDD) for Public Administration Reform and Corporate Accountability in the European Green Deal*, Journal of Accounting and Management, Vol. 14, 2022, p. 12.

20 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, A Competitiveness Compass for the EU, Brussels, 29.1.2025 COM(2025) 30 final, Available at: [https://commission.europa.eu/document/download/10017eb1-4722-4333-add2-e0ed18105a34_en], Accessed 11 February 2026.

21 Described by the President of the European Commission, Ursula von der Leyen, as a "roadmap", the Competitiveness Compass sets out an approach and a selection of flagship measures to translate" the recommendations of former European Central Bank President Mario Draghi "into reality in the coming years.

22 An omnibus is a legislative approach that the European Commission uses to simplify related European Union rules and reduce administrative burden. Between January and December 2025, the European Commission presented ten "Omnibus" packages as its main legislative tool for a collective review of various areas of EU policy. The first, dedicated to sustainability, was followed by those on investments

25% and for small and medium-sized companies (SMEs) by at least 35%.[23] The Commission's Work Program for 2025, published on 12 February 2025, further emphasized the importance of simplifying the EU's sustainability regulatory environment.

As a result of these plans, the EU Commission published the proposal for an Omnibus I on 26 February 2025, as part of its mission to improve the competitiveness of the European Union and to simplify EU sustainability due diligence regulation Namely, the CSDDD has been portrayed as a burden on businesses, and the Omnibus I should be understood as the Commission's U-turn from the European Green Deal to a Competitiveness Compass.

However, the EU business community does not seem to agree with the Commission's position on the CSDDD. According to them, the Commission disregards strong evidence from multiple studies that show that CSDDD benefits European companies.[24] One such research was conducted by the independent association of European business experts #WeAreEurope[25] and revealed that companies in the EU, including in Croatia, take corporate sustainability seriously and do not support the introduction of Omnibus I.

An additional reason behind the Omnibus I. is the strong geopolitical pressure coming from the EU–US trade agreement from August 2025 which explicitly commits the EU to take steps to ensure that the CSDDD does not impose undue restrictions on transatlantic trade. Namely, the EU commits to address US concerns regarding the imposition of CSDDD requirements on companies of non-EU countries with relevant high-quality regulations.[26]

(Omnibus II), agriculture (Omnibus III), the single market (Omnibus IV), defense (Omnibus V), chemicals (Omnibus VI), and the digital world (Omnibus VII), on environmental legislation (Omnibus VIII), on the automotive industry (Omnibus IX), and on the food and feed simplification package (Omnibus X), Available at:
[https://commission.europa.eu/document/download/9e358345-31e8-4cdd-8816-a30138ed07fe_en?filename=2025_%20Omnibus%20packages_List_for_Europa.pdf], Accessed 11 February 2026.

23 EU Commission, "A Competitiveness Compass for the EU", *op. cit.*, note 20, p. 17.

24 For more information see: Jäger, J., Durán, G., Schmidt, L., *Expected economic effects of the EU corporate sustainability due diligence directive (CSDDD), 2023,* Available at:
[https://www.sustainablesupplychains.org/wp-content/uploads/2024/03/AC16942622.pdf], Accessed 11 February 2026.

25 Omnibus Survey 2025, Available at:
[https://www.weareeurope.group/2025-cs3d-survey-download-page], Accessed 11 February 2026.

26 Joint Statement on a United States-European Union framework on an agreement on reciprocal, fair and balanced trade (Press release). Brussels: Directorate-General for Trade and Economic Security, 21 August 2025, Available at:
[https://policy.trade.ec.europa.eu/news/joint-statement-united-states-european-union-framework-agreement-reciprocal-fair-and-balanced-trade-2025-08-21_en], Accessed 11 February 2026.

According to the US in order for the EU to recover and reindustrialise, it must have access to secure, reliable and affordable energy. That access will materialise only if the EU succeeds in the ongoing effort to repeal or neuter its growth-killing Corporate Sustainability Due Diligence Directive (CS3D).[27]

This view seems to imply that the CSDDD would be a "giant regulatory apparatus" that makes compliance "practically impossible." But for whom? ExxonMobil is reportedly already reducing its workforce in Europe[28], while Qatar has threatened to suspend LNG shipments if the CSDDD is not repealed or significantly diluted.

However, some argue that the former stance reflects pressure from some large US companies to weaken the CSDDD by fragmenting Member States and exploiting trade negotiations, to protect interests linked to Europe's dependence on fossil fuels and limit the liability of their supply chains.

The Omnibus I includes three Commission proposals[29]: (i)"stop the clock" directive[30] on postponement of the implementation of CSDDD for one year, (ii) amendments to the Corporate Sustainability Reporting Directive (CSRD) and the CSDDD; (iii) amendments to the Carbon Border Adjustment Mechanism.[31]

---

27 On December 2, 2025, the US ambassador to the EU, Andrew Puzder, wrote in the Financial Times, Available at: [https://www.ft.com/content/039868b5-d2d2-43d0-a2e1-aa654529d9f0]. In response to Puzder's editorial, Lindsay Hooper, executive director of the University of Cambridge's Institute for Sustainable Leadership, reacted on the same pages, Available at: [https://www.ft.com/content/526f6300-ccf1-4a8a-b9c7-aa756a548d27], Accessed 11 February 2026.

28 See more: Our business transformation continues with a reorganization of our business in Europe, centralizing the majority of EU employees at key locations, Available at: [https://corporate.exxonmobil.com/locations/european-region/european-newsroom/2025/reorganizing-our-footprint-in-the-european-union-and-norway#:~:text=This%20series%20of%20proposed%20changes,a%20divestment%20later%20this%20year.], Accessed 11 February 2026.

29 Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirement, Available at: [https://commission.europa.eu/publications/omnibus-i_en#files], Accessed 11 February 2026.

30 The European Council and Parliament adopted the Stop the Clock Directive without changes. The Stop the Clock Directive entered into force in April 2025 with an accelerated approval process through EU regulatory authorities. Member States must transpose the Stop the Clock Directive into national law by 31 December 2025, and some have already done so by the date of this article. Directive (EU) 2025/794 of the European Parliament and of the Council of 14 April 2025 amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements (Text with EEA relevance) OJ L 2025/794.

31 See: European Commission, Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism, COM(2025) 87 final and the Annexes thereto.

The Omnibus I aims to adjust the scope and the content of the CSRD and CSDDD in terms of simplifying the green reporting rules and sustainability due diligence obligations under the CSRD and the CSDDD. One frequently cited justification for cutting corporate sustainability rules is to reduce compliance costs for businesses, estimated by the Commission at around 320 million euros[32] under the CSDDD.[33]

On 9 December 2025, the EU Council and the European Parliament reached a provisional agreement on the revision of the CSRD and the CSDDD[34]. The European Parliament adopted the text on 16 December 2025[35], and the EU Council adopted the final Omnibus I text on 24 February 2026.[36]

In the next chapter, we will compare the main changes between the CSDDD and the Omnibus I.

2.1. The Personal Scope

The scope of application of the CSDDD is laid out in Article 2 and is defined by legal form, size, and place.

---

32 Commission staff working document accompanying the documents proposal for a directive of the European parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements Proposal for a directive of the European parliament and of the Council amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements and specifying further steps, SWD/2025/80 final, Available at: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025SC0080], Accessed 15 February 2026.

33 It is even more under the Parliament's position, as claimed by the Omnibus I rapporteur, Jörgen Warborn, Available at: [https://multimedia.europarl.europa.eu/en/webstreaming/press-conference-by-jorgen-warborn-epp-se-rapporteur-on-simplified-sustainability-reporting-and-due_20251113-1330-SPECIAL-PRESSER], Accessed 15 February 2026.

34 Council of the European Union, Press release, Council and Parliament strike a deal to simplify sustainability reporting and due diligence requirements and boost EU competitiveness, 9 December 2025, Available at: [https://www.consilium.europa.eu/en/press/press-releases/2025/12/09/council-and-parliament-strike-a-deal-to-simplify-sustainability-reporting-and-due-diligence-requirements-and-boost-eu-competitiveness/], Accessed 15 February 2026.

35 European Parliament legislative resolution of 16 December 2025 on the proposal for a directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements (COM(2025)0081 – C10-0037/2025 – 2025/0045(COD)), Available at: [https://www.europarl.europa.eu/doceo/document/TA-10-2025-0324_EN.html], Accessed 15 February 2026.

36 Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026 amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements (Text with EEA relevance) [2026], OJ L, 2026/470, (Omnibus I).

The personal scope of the CSDDD extends to "companies," which are defined in Article 3(1)(a) of CSDDD as legal persons constituted as one of the legal forms in Annexes I and II of the EU Accounting Directive[37]. Annex I of the EU Accounting Directive lists corporate entities, whereas Annex II lists partnerships.

In the Member States, not all entities listed in the annexes to the EU Accounting Directive have legal personality under their national laws and may therefore not be treated as "legal persons". Considering that at the EU level, attribution of legal personality is not harmonized, the scope of application can vary from one Member State to another.

The CSDDD applies to very large EU companies of 1000 employees and an annual turnover of 450 million euros (Article 2(1) (a)). In the case of non-EU companies[38] with activities in the EU, the criterion of the number of employees is not relevant, only the annual turnover of 450 million reached in the EU (Article 2(2)(a)). It will also apply to companies which do not meet these thresholds, but are the ultimate parent company of a group which reaches these thresholds (Article 2(1)(b) and 2(2)(b)), as well as companies that have entered into franchising or licensing agreements in the EU in return for royalties amounting to more than EUR 22.5 million in the EU, and a net turnover of more than EUR 80 million (Article 2(1)(c) and 2(2)(c)). Altogether, the European Commission estimates that the CSDDD covers 6,900 companies[39] or approximately 0.05% of EU companies and business activities.[40]

Although micro-companies and SMEs are excluded from the scope, they can be indirectly affected by human rights due diligence processes if commercially linked to in-scope companies.[41]

---

37 Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC Text with EEA relevance [2013] OJ L 182, Accessed 15 February 2026.

38 Note that for practical reasons, the CSDDD does not define an employee threshold for non-EU companies in the personal scope.

39 European Commission, 'Directive on Corporate Sustainability Due Diligence: Frequently asked questions' (July 2024) (CSDDD FAQ), , pp. 6 and 7, Available at: [https://wp.table.media/assets/wp-content/uploads/2024/07/30160952/240719_CSDD_FAQ_final.pdf], Accessed 12 February 2026.

40 Overview of the Corporate Sustainability Due Diligence Directive; Advancing Corporate Responsibility, European Coalition for Corporate Justice, 2024, p. 12., Available at: [https://corporatejustice.org/wp-content/uploads/2024/10/Overview-of-the-Corporate-Sustainability-Due-Diligence-Directive-Advancing-Corporate-Responsibility-ECCJ-2024.pdf], Accessed 19 February 2026.

41 Garbellini Filho, *op. cite*., note 4, p. 404.

The CSDDD has a clear extraterritorial reach[42], requiring in-scope companies to address the adverse impacts of their operations, regardless of the territory where they occur.

The CSDDD must be transposed into national law by Member States within two years. Pursuant to Article 37, the provisions will apply gradually, starting with companies of 5,000 employees and a turnover of 1.5 billion EUR from 26 July 2027, followed by companies of 3,000 employees and a turnover of 900 million EUR from 26 July 2028, and finally with companies of 1,000 employees and a turnover of 450 million EUR from 26 July 2029.

The text specifies that the CSDDD only applies to companies that have met these thresholds for two consecutive financial years.[43] Conversely, it will cease to apply to companies if the conditions specified in the CSDDD are not met for each of the last two relevant financial years.

Finally, the review clause under Article 36 envisages potential future adjustments in regard to the personal scope, in terms of whether different corporate forms need to be considered, whether sector-specific approaches are needed, and whether employee or turnover thresholds need to be revised, providing clarity on the direction of further amendments.

The CSDDDs' size criteria for in-scope companies have been keenly debated in Omnibus I. The Commission had not originally proposed any changes to the scope of CSDDD; nonetheless, the Council and the Parliament both supported higher thresholds.

With the adoption of the Omnibus I the scope of the CSDDD has been significantly restricted.

The CSDDD will now apply only to large EU companies with more than 5,000 employees and a net turnover exceeding 1.5 billion Euros.[44] The thresholds for franchising and licensing have also been increased, rising to 75 million euros in licensing fees and 275 million euros in worldwide net turnover for EU companies, or 75 million euros in licensing fees in the EU and 275 million euros in EU turnover for non-EU companies.

The threshold for non-EU companies was also increased, from 450 million euros to 1.5 billion euros in EU turnover.[45] Omnibus I does not specify how Mem-

42 Bueno, N. *et al.*, *The EU Directive on Corporate Sustainability Due Diligence (CSDDD): The Final Political Compromise*, Business and Human Rights Journal, Vol. 9, No. 2, 2024, p. 298.

43 Article 2(5) CSDDD.

44 Article 4(2)(a) Omnibus I.

45 Article 2(2) Omnibus I.

ber State authorities will oversee enforcement of the CSDDD against non-EU companies lacking physical presence in the EU, which may raise compliance and enforcement concerns.

The in-scope companies must implement the measures from 26 July 2029, while Member States must designate their national competent authorities and transpose the directive into their national law before 26 July 2028.[46]

2.2. Material Scope

Companies subject to the CSDDD are expected to perform risk-based HREDD within their own operations, subsidiaries, and business partners, covering the company's entire value chain, including both direct and indirect business relationships. It also requires companies to adopt and implement, to the best of their ability, a transition plan for climate change mitigation that aligns their business models and strategies with the goals of the Paris Agreement and a net-zero economy.[47]

To identify the adverse impact during HREDD processes, the CSDDD opts to refer to the rights, prohibitions, and international instruments in the annex, divided into two parts. Part I consists of two sections: "rights and prohibitions included in international human rights instruments" and "human rights and fundamental freedoms instruments". Part II focuses on "prohibitions and obligations included in environmental instruments".

The CSDDD defines 'adverse human rights impact'[48] as the impact resulting from an abuse of selected human rights, tailored to corporate conduct[49], and other human rights such as employment and social rights[50] enshrined in a list of international instruments.[51] Furthermore, Member States must also ensure that any abuse of a human right not listed in Part I, Section 1 of the Annex but which is enshrined in one of the human rights instruments listed in Part I, Section 2 of the Annex also constitutes an adverse human rights impact, if:

- the right concerned can be abused by a company or legal entity;

46 *Ibid.*

47 Radchenko, M., *Greening the Supply Chain: CSR Clauses and Codes of Conduct in Light of the Corporate Sustainability Due Diligence Directive (CS3D),* Journal of Law and Commerce, Vol. 43, No. 2, 2025, p. 363.

48 Article 3(1)(c) CSDDD.

49 Annex I, Part I, Section I, CSDDD.

50 Article 1(2) CSDDD.

51 Annex I, Part I, Section I CSDDD.

- the abuse directly impairs a legal interest protected in the human rights instrument; and
- the company could have reasonably foreseen the risk that such a human right may be affected, taking into account the circumstances of the specific case.[52]

The CSDDD defines "environmental adverse impacts"[53] in two ways. Firstly, if environmental degradation affects certain human rights set out in Part I, Section 1 of the Annex.[54] Secondly, adverse environmental impacts can result from breaches of a selection of international environmental obligations and prohibitions listed in Part II of the Annex.

The CSDDD requires businesses to conduct due diligence with respect to specific human rights listed in an Annex. This includes the right to life; the prohibition on torture; the right to liberty and security; rights to privacy and freedom of thought; various core labour protections such as the right to just and favourable work, prohibition of child labour and forced labour, the right to freedom of association and collective bargaining and the prohibition of unequal treatment in employment; and certain land rights such as harmful soil change, water or air pollution.

Companies are also required to consider rights derived from specific human rights instruments listed in the Annex. Annex, Part I, Section 2 expressly cites the ILO's core conventions. The ILO's core conventions comprise the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No 87); Right to Organise and Collective Bargaining Convention, 1949 (No 98); Forced Labour Convention, 1930 (No 29) and its 2014 Protocol; Abolition of Forced Labour Convention, 1957 (No 105); Minimum Age Convention, 1973 (No 138); Worst Forms of Child Labour Convention, 1999 (No 182); Equal Remuneration Convention, 1951 (No 100); Discrimination (Employment and Occupation) Convention, 1958 (No 111).

International labour standards prohibit child labor and force labour. Yet ILO statistics reveal that there are 27,6 million global victims of forced labour world-

52 Article 3(1)(c)(ii) CSDDD.

53 Article 3 (1)(b) CSDDD.

54 Point 15 of Part I, Section 1, of the Annex captures measurable environmental degradation or other impacts on natural resources that lead or may lead to negative impacts on one or more of the following: the rights to food, water, sanitation, health, safety and property, and ecosystem services contributing to human well-being. Point 16 of Part I, Section 1 of the Annex captures unlawful land-grabbing or natural resource appropriation, including by deforestation, that leads or may lead to negative impacts on the rights of individuals, groups, and communities to lands and resources, or the right not to be deprived of means of subsistence.

wide.[55] The report by Hodu and others[56], on the potential impact of the CSDDD on least developed countries, notes that the Democratic Republic of Congo has ratified the ILO's core conventions, signalling its opposition to child labour, slavery, and forced labour.

The due diligence obligation also covers addressing adverse impacts on the environment resulting from breaches of prohibitions and obligations under environmental conventions listed in the Annex (such as the Stockholm Convention on Persistent Organic Pollutants, Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal or the Convention Concerning the Protection of the World Cultural and Natural Heritage), as well as environmental degradation, such as harmful soil changes, water or air pollution, the prohibition on the discharge into the sea of noxious liquid substances or excessive water consumption.

As for Omnibus I, it does not affect the material scope of the CSDDD.

2.3. The Due Diligence Obligation

The due diligence requirements should promote meaningful engagement by companies to build trust and transparency when identifying and taking actions to prevent and address adverse human rights impacts.

At the core of the CSDDD are the "risk-based"[57] HREDD obligation that the companies will have to conduct by carrying out the following seven core actions[58]: i) integrating due diligence into corporate policies and risk management; ii) identifying and assessing actual and potential adverse impacts; iii) preventing such impacts; iv) providing remediation; v) meaningfully engaging with stakeholders; vi) establishing a notification mechanism; vii) monitoring the effectiveness of due diligence measures; and publicly communicating.

---

55 ILO, Walk Free and International Organization for Migration, Global Estimates of Modern Slavery, Forced Labour and Forced Marriage (Geneva: ILO, Walk Free, IOM, 2022), p. 2, Available at: [https://academic.oup.com/ilj/advance-article/doi/10.1093/indlaw/dwaf029/8251871], Accessed 3 March 2026.

56 Ngangjoh-Hodu, Y., *et al.*, *The proposed EU Corporate Sustainability Due Diligence Directive and its impact on LDCs : A Legal Analysis*, Ministry for Foreign Affairs of Finland, Available at: [https://julkaisut.valtioneuvosto.fi/handle/10024/164784], Accessed 3 March 2026.

57 Ciacchi, S., *The newly-adopted Corporate Sustainability Due Diligence Directive: an overview of the law-making process and analysis of the final text*, ERA Forum 25, 2024, pp. 29–48.

58 Article 5(1) CSDDD. As laid down in Articles 7 to 16.

The above obligations are largely phrased as "obligation of means", not "obligations of result"[59], as such companies are not expected to guarantee that adverse impacts will not occur, nor that they will always be prevented; however, they are obliged to take appropriate measures that are capable of achieving the objectives of due diligence.[60]

Mapping all activities and impacts at the entity level is limited with Omnibus I to Tier-1 suppliers, reducing the reporting scope for indirect suppliers without contractual ties.

Companies should base their research only on 'reasonably available information.' This aims to avoid overburdening small business partners with information requests whenever possible. The scoping exercise should produce a risk index that highlights the 'general areas' where negative impacts are most likely or significant. These areas should then be examined further to identify specific potential or actual negative impacts. Information requests to business partners should be made only when necessary. Additionally, if the business partner has fewer than 5,000 employees, only information that cannot reasonably be obtained otherwise should be requested. If companies identify risks of adverse impacts that are equally likely or significant for both direct and indirect business partners, they may prioritize impacts among direct business partners when conducting further due diligence.[61]

Periodic assessments of operations and the adequacy and effectiveness of due diligence procedures are now required every five years[62] (previously annually), or when there are reasonable grounds to believe the measures are inadequate.

2.4. Climate transition plan

Article 22 of the CSDDD introduced a clear behavioral standard, explicitly requiring companies to adopt and put into effect a transition plan for climate change mitigation which aims to ensure, through best efforts, that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5° C in line with the Paris

---

59 Pietropaoli, I., *et al.*, *Towards New Human Rights and Environment Due Diligence Laws: Reflections on Changes in Corporate Practice*, British Institute of International and Comparative Law, 2024, p. 17., Available at:
[https://www.biicl.org/documents/186_final_towards_new_hredd_laws_reflections_impacts_on_corporate_practice.pdf], Accessed 27 February 2026.

60 *Ibid.*, Recital 19.

61 Article 4 (6) (b) Omnibus I.

62 Article 4(11) Omnibus I.

Agreement and the objective of achieving climate neutrality (…) by 2050. Therefore, in-scope companies that are not required to submit sustainability reports under the CSRD will still have a duty to develop a climate transition plan. These plans must include greenhouse gas (GHG) emission-reduction targets for their Scope 1, Scope 2, and, in certain cases, Scope 3 emissions. They should also define measures, assign internal responsibilities for achieving these targets, and outline how they will finance these measures.

The requirement for in-scope companies to adopt and implement transition plans to mitigate climate change in accordance with the Paris Agreement has been removed. The Omnibus I now deletes the phrase "and put into effect." This change was introduced based on an assessment that the requirement was overly burdensome and disproportionate.

However, already the CSDDD in Recital 73 clarified that while companies should strive to achieve the GHG emission reduction targets contained in their plans, specific circumstances may lead to companies not being able to reach these targets, where this is no longer reasonable. Thus, the deletion of "and put into effect" merely clarifies that companies are only subject to an obligation of conduct, not of result.

2.5. Civil Liability

Both EU and non-EU companies within the scope of CSDDD may face considerable liability risks. The central provision introducing a civil liability framework is Article 29.

Companies can be held liable for damages caused to a natural or legal person's interests if they intentionally or negligently fail to meet the CSDDD's due diligence requirements to prevent or stop adverse effects (Articles 10 and 11). The claimant must demonstrate that the breach caused damage[63]. These due diligence duties apply only to a company's operations and subsidiaries, not to business partners in the supply chain.[64]

However, liability does not apply to all obligations under the CSDDD. Notably, the CSDDD itself does not provide for any liability associated with a company's climate plan obligations under Article 22.

---

63 Article 29 (1)(b) CSDDD.

64 *Ibid.*, Article 29 (1).

The CSDDD facilitates private enforcement by empowering trade unions and NGOs in a Member State to act on behalf of individuals who may be based abroad and/or lack the resources, knowledge, or motivation to initiate legal proceedings on their own (Article 29(3)(d)). Where damage is caused to many people (e.g., all workers in a factory), there is scope under the CSDDD for a trade union or NGO to represent some or all the injured parties. Unlike the mechanism under which collective redress was introduced, the CSDDD expressly clarifies that the Member States can, but are not expected to, extend the provisions of their national law on representative actions.[65]

The lack of a collective redress mechanism is a result of national business associations' pressure to limit access to justice to the directly affected victims, which they saw merely as a risk of creating excessive litigation.[66] But, at the same time, the removal of the possibility of bundling the victims' claims might lead to a larger number of individual court cases. Not only will that lead to a higher litigation cost for both litigants, but it will also create a more fragmented case law and higher legal insecurity.

Under the CSDDD, companies may be ordered to disclose evidence to the claimant, provided the latter presents a reasoned justification containing reasonably available facts and evidence sufficient to support the plausibility of their claim for damages and indicates that additional evidence lies in the control of the company (Article 29(3)(e) and Recital 83). Such (pre-action) disclosures, which are foreign to most EU civil law jurisdictions, are limited to what is necessary and proportionate to support a (potential) claim for damages. In determining whether a disclosure order is proportionate, courts shall consider the initial justification of the claim, the scope and cost of disclosure, and whether the evidence to be disclosed contains confidential information.

Courts can order the company to disclose evidence according to national procedural law[67]. Such a court order only requires the claimant to provide reasonably available facts and evidence that make his claim plausible and to indicate that further evidence is in the defendant's control.

This could cause significant problems and probably require changes to Croatia's civil procedural law, especially the introduction of a special regime for evidence

65 Recital 84 CSDDD.

66 Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements and specifying further steps, Brussels, 26 February 2025, SWD(2025) 80 final.

67 Recital 83 CSDDD.

discovery. In Croatian procedural law, the party that needs to prove a fact is also responsible for providing the necessary evidence. The Croatian procedural code does specify some exceptions to this rule. For example, it permits the court to order any party to produce documents and records (Article 233(1) of the Civil Procedure Law), but only if the opposing party cites those specific documents. Since claimants in supply chain lawsuits generally cannot identify the necessary documents ahead of time, their chances of success are limited.

A possible solution should be found in the provisions of Article 6 of the Act on Procedures for Compensation of Damages for Violations of Market Competition[68], which governs the disclosure of evidence in Croatian law.

The (pre-action) disclosure regime under the CSDDD is mandatory, even if the applicable law to the claims is not that of a Member State.

Civil liability can attach to a parent company or to a specific subsidiary within a group. A subsidiary might be held liable for damage, regardless of whether the due diligence obligations were supposed to be observed by the subsidiary or by the parent company on behalf of the subsidiary. If the damage is caused jointly by the company and its subsidiary, or direct or indirect business partners, they are jointly and severally liable.

Limitation periods for bringing civil liability claims must be at least five years and, in any case, should not be shorter than the limitation period under national civil liability rules[69]. The limitation period shall not start to run before (i) the relevant infringement has ceased and (ii) the claimant knows or should reasonably be expected to know about the infringement, the harm caused by it, and (iii) the identity of the infringer.

The CSDDD mandates that the laws of Member States transposing the CSDDD's liability regime are overriding and mandatory.[70] The overriding mandatory character would only manifest itself when the law of a third country would otherwise govern the claims,[71] including requirements as to who can bring a claim, the statute of limitations, and the disclosure of evidence.

---

68 Act on Procedures for Compensation of Damages for Violations of Market Competition, Official Gazette No. 69/17.

69 Article 29 (3)(a) CSDDD.

70 The doctrine of overriding mandatory rules is based on Article 9 of the Rome I Regulations and Article 16 of the Rome II Regulations.

71 Article 29 CSDDD.

The EU-wide harmonised liability regime has also been removed from the CSDDD with Omnibus I. Regarding 'effective legal protection', Member States must ensure that liability for violations of the CSDDD is enforceable, but this may be done under their chosen usual or specific national liability regime[72]. As is customary with this type of legislation, it is therefore up to the Member States themselves to determine the conditions for liability, such as causality and attribution. As a result, the success of a claim may differ across Member States.

Furthermore, Member States are no longer required to prioritize precedence to national law provisions arising from the CSDDD in cases where claims are not governed by national law[73]. The requirements for collective action have also been removed.[74]

3. OMNIBUS I, SLASHES HUMAN RIGHTS AND ENVIRONMENTAL PROTECTIONS

Since there are major differences between CSDDD and the Omnibus I, the most relevant among them being the reduced scope in terms of the number of companies affected, the limited focus on Tier 1 suppliers and the reduced scope of due diligence requirements, the dilution, respectively the abandoning, of civil liability, and the abandoning of climate transition plans. The effects on achieving human rights goals, environmental goals, and economic change are expected to differ substantially between these laws. Each of them will be examined separately in the next part of the paper.

3.1. Limited Focus on Tier 1

The Omnibus I limits the legal mandate to conduct HREDD to Tier-1 suppliers only, i.e., those directly supplying manufacturers or businesses, requiring in-depth assessments only for them - unless in-scope companies have plausible information that suggests an adverse impact at the level of an indirect business partner. By limiting the scope mainly to the Tier-1, the Omnibus I reduces the due diligence costs[75] that firms would incur if they also covered lower tiers.

72 Article 4 (20)(a) Omnibus I.

73 Article 4 (20)(e) Omnibus I.

74 Article 4 (20)(c) Omnibus I.

75 The German BAFA has noted that not systematically examining risks with Tier 2 or 3 suppliers raises costs for companies in the long term: "In short, companies that consider the risks in the extended supply chain from the very beginning will not have to bear the high costs of ad hoc risk analyses or modify their preventative measures as a result., See more at Federal Office for Economic Affairs and Export Control (2025), Available at:

However, this shift significantly weakens corporate responsibility by limiting accountability to direct business partners (own operations, subsidiaries, and direct relationships) rather than to the full value chain. Since the most severe human rights and environmental violations typically occur further upstream, beyond Tier-1 suppliers,[76] this provision incentivizes companies to overlook deeper supply chain risks.

To better understand the implications of limiting due diligence to Tier-1, a real case from the Chilean mining sector will be examined.

KGHM Chile is a subsidiary of KGHM Polska Miedz SA, a Polish mining company that owns 55% of the Sierra Gorda mine in Antofagasta, north of Chile. The company states that it employs 1,513 direct workers and 2,669 outsourced "contratistas," totaling 4,182 employees. Essentially, 60% of the company's operations rely on contractors from other entities.[77]

By restricting KGHM Polska Miedz SA's responsibility to tier-1 suppliers, more of the 2,669 contracted workers could be sourced externally.

Since 2016, Sierra Gorda has faced accusations of environmental damage that directly threaten the residents of Sierra Gorda and Baquedano. The main issue is air pollution. In 2024, parliamentarians requested a special session of the Cámara de Diputados Environment Committee to address the serious pollution in the area resulting from mining activity, which has led to concerning increases in illnesses in the community, especially cancer cases.

Conduction of HREDD across the entire value chain, which was predicted with the CSDDD KGHM Polska Miedz SA's would be liable for air pollution.

The case study on Chile shows that a focus on tier 1 is highly problematic due to outsourcing practices, which are also common in manufacturing sectors such as the textiles industry.[78]

Namely, the narrow focus on tier 1 suppliers would not have prevented the Rana Plaza tragedy, in which 1135 people died, and more than 2400 were injured in a factory in Bangladesh due to a lack of safety standards for workers. Most of the companies involved in the Rana Plaza disaster were beyond tier 1 in European

[https://www.bafa.de/SharedDocs/Downloads/EN/Supply_Chain_Act/guidance_risk_analysis.pdf?__blob=publicationFile&v=3], Accessed 28 February 2026.

76 Govindan, K., *et al.*, *Social sustainability tensions in multi-tier supply chain: A systematic literature review towards conceptual framework development*, Journal of Cleaner Production, Volume 279, 2021, pp. 1-22

77 Jäger, J. *et al.*, *op. cit.*, note 24.

78 *Ibid*, p. 47.

companies' value chains, as these companies use outsourcing and subcontracting in their value chains.[79]

In contrast, the original approach taken by the CSDDD was regarded as a major step forward. In the above cases, the CSDDD would be required to conduct due diligence using a risk-based approach that covers upstream suppliers (raw materials and production) and specific downstream activities for adverse impacts on human rights and the environment. For example, an EU trader would need to screen subcontractors responsible for production.

The United Nations Working Group on business and human rights recalled in March 2025 that restrictions on human rights due diligence, particularly limiting it to 'direct partners', undermine the comprehensive approach that the United Nations Guiding Principles on Business and Human Rights (UNGPs) require.[80]

3.2. Fragmented Rules on Civil Liability and Access to Justice

Omnibus I dismantles key elements of Article 29, risking both corporate accountability and victims' access to justice. While it doesn't eliminate liability itself, it ends the harmonization of the conditions for companies' civil liability across Member States.

Namely, by invoking the principle of subsidiarity (Recital 49 Omnibus I), the obligation to establish civil liability at the EU level was removed; however, Member States are legally required under international and European law to establish civil liability to ensure access to justice under Article 47 of the EU Fundamental Rights Charter[81]. Member States are free to choose how to implement such rules.

It is expected to create practical problems: EU Member States will enforce their own regulations, exposing companies to different liability conditions and risks across various jurisdictions, which contradicts any claim of simplification.

Furthermore, Omnibus I eliminates the obligation to enable third-party representative actions[82] and removes the obligation to ensure the overriding mandatory

---

[79] *Ibid*, p. 47.

[80] Statement by the United Nations Working Group on Business and Human Rights on the European Commission's "Omnibus simplification package", 20 March 2025, Available at: [https://www.ohchr.org/sites/default/files/documents/issues/business/workinggroupbusiness/wg-bhr-statement-19-03-2025.pdf], Accessed 27 February 2026.

[81] Charter of Fundamental Rights of the European Union [2012] OJ C 326.

[82] European Coalition for Corporate Justice, *Suing Goliath: An analysis of civil cases against EU companies for overseas human rights and environmental abuses*, Available at:

application[83] of Article 29 in cross-border cases. This would mean that whenever a national liability regime is not granted overriding mandatory status, EU courts would be required to apply the lex loci damni.[84] Consequently, the regulation of such matters will be left to Member States, creating a fragmented and inconsistent legal landscape across the EU.

As the critics in the legal literature rightly point out, Article 29(7) CSDDD is challenging because it is not entirely clear how the doctrine of overriding mandatory rules (based on Article 9 Rome I, and Article 16 Rome II Regulations) would apply to civil liability claims grounded in the rules implementing the directive. Nonetheless, the CSDDD approach might have had the potential to open new avenues for further practical and conceptual development of this conflict-of-law doctrine.

Currently, as the Omnibus I explicitly rules out the overriding mandatory character of the (remaining parts of) the CSDDD civil liability regime, one would rather not expect from Member States' legislatives or courts to elevate the regular domestic civil liability rules to the semi-public level of overriding mandatory provisions.[85]

Removing the harmonisation of civil liability and certain access-to-justice provisions, Omnibus I risks reintroducing the legal uncertainty and complexity[86] that the CSDDD aimed to eliminate. The experts from the UN Working Group warned that leaving civil liability to the discretion of EU Member States at the national level severely hampers access to justice for victims and can lead to a lack of coherence and consistency in access to remedies across the EU.[87]

Victims will have to navigate a patchwork of national tort laws, which have historically failed to hold corporations accountable for human rights and environmental violations. Furthermore, the Omnibus I contradicts the stated goal of "simplification" for companies. Instead of a single, predictable, harmonized EU-wide regime,

---

[https://corporatejustice.org/publications/suing-goliath/], Accessed 27 February 2026, p. 76.

83 *Ibid.*, p. 77.

84 Radchenko, M., *op. cit.*, note 47, p. 387.

85 Pannebakker, E., *Under the Omnibus: Corporate Sustainability Due Diligence Directive's rules on civil liability no longer overriding mandatory*, 4 June 2025, Available at: [https://conflictoflaws.net/2025/under-the-omnibus-corporate-sustainability-due-diligence-directives-rules-on-civil-liability-no-longer-overriding-mandatory/], Accessed 1 May 2026.

86 In the recent study by the JARO Institute on Sustainability and Digitalization, approximately half (53%) of the surveyed businesses expect more liability risks now that the CS3D might not be of overriding mandatory application. Yougov survey 15 - 28.04.2025 LKSG and CSDDD in a reality check: opinions of 1,350 business decision-makers, Available at: [https://jaro-institut.de/wp-content/uploads/2025/06/JARO_YouGov_21052025_final3-EN.pdf], Accessed 27 February 2026.

87 Statement by UNWG, *op. cit.*, note 80.

companies will now be exposed to a multitude of legal regimes[88], not only from the EU but also from other countries. The removal of third-party representative action will also further restrict access to courts for victims with limited resources, who can no longer rely on NGOs, trade unions, or national human rights or environmental institutions for support.

3.3. Removal of the Climate Transition Plan

The CSDDD originally contained a strong provision on the climate transition plan. Companies in scope were required not only to adopt but also to implement a climate transition plan to align their business models with the 1.5°C goal of the Paris Agreement. However, Omnibus I removed the climate transition plan requirement from the CSDDD, making it more challenging to mandate the right level of climate action and to reach global climate targets.

The deletion of the obligation to implement climate transition plans would not lead to the simplification, according to a group of 30 legal scholars[89] who believed that mere disclosure, without clear behavioral duties, would lead to heightened legal liability risks for companies and legal fragmentation, inefficiency, and uncertainty.[90]

Thus, the question arises: what will be the implications of Article 22 without the obligation to put the plan into effect, for future corporate climate change litigation addressing a corporate obligation to mitigate?

According to the impact assessment supporting the CSDDD Proposal, "a growing number of companies are being sued in court for causing harm, which may be the consequence of the lack of clear regulatory requirements."[91] Notably, the impact

---

88 According to Geert Van Calster, companies would therefore be exposed not to 27 regimes, not even to 206 regimes (this is the number of States currently recognised by the United Nations), but rather to the 206 PLUS any regional divergence that exists in many of them. For more see: Geert Van Calster, *Legal opinion: how the Omnibus creates uncertainty on civil liability for companies*, 2025, p. 8, Available at: [https://gavclaw.com/wp-content/uploads/2025/06/legal_opinion_gvc.pdf], Accessed 27 February 2026.

89 See Legal Scholars Concerned about the Weakening of Article 22 CSDDD on Climate Transition Plans, 02 May 2025, Available at: [https://www.smithschool.ox.ac.uk/sites/default/files/2025-05/Letter_Legal_Scholars_EU_Art_22_CSDDD_2025.pdf], Accessed 27 February 2026.

90 Healy, P.; Bing, J.; Schufft, F. R.; Kleemann, E., *Towards a Balanced Omnibus Proposal: Simplifying the CSDDD and CSRD While Upholding Human Rights and Environmental Standards,* Germanwatch, 2025, p. 16, Available at: [https://www.germanwatch.org/en/node/93274], Accessed 27 February 2026.

91 Commission SWD/2022/42, final, Impact assessment report Accompanying the document Proposal for Directive of the European Parliament and of the Council on Corporate Sustainability Due Dili-

assessment explicitly refers to the climate case of Milieudefensie v Shell,[92] in which the Court concluded that under the Dutch tort law, a corporation may have an obligation to reduce its Scope 1, 2, and 3 GHG emissions.[93]

Beyond highlighting the legal risks businesses face when they fail to properly incorporate climate change considerations into their policies, it also affirms that corporate entities must develop comprehensive climate risk management strategies, including assessing and reporting on emissions across the entire value chain.[94]

4. CONCLUSION

There is little doubt that the CSDDD is a positive step forward and will likely have significant implications for companies and rightsholders worldwide. The effort to address and prevent human rights and environmental impacts outside the EU's jurisdiction is commendable and reflects recent trends in international law. It is also clear that the development of HREDD itself neither started nor ended with the CSDDD and Omnibus I.

The CSDDD represents a compromise between different models, ambitions, and interests. It is far from a perfect legal instrument: some of its instructions are lacking in detail; it is not as progressive as one may have expected it to be; some parts are lacking in ambition, and other features could even be regarded as nonsensical.

Regardless of the above, the CSDDD, warts and all, is a necessary and positive evolutionary step for the EU.

For the EU to maintain its position at the forefront of human rights and environmental regulation, it must follow suit. In some ways, notably with its civil liability mechanism, the CSDDD even raises the bar.

However, the Omnibus I weakens several key provisions in the original text. These changes will have real consequences: overall, they will make it significantly harder for victims of corporate abuse to seek justice and for companies to prevent harm in the first place. We dare to say that Omnibus I is, regrettably, a step backwards, and rather than advancing efforts to promote responsible business and accountability, the EU has decided to dilute existing EU standards that have made it a leader in business and human rights.

---

gence and amending Directive (EU) 2019/1937, Available at: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52022SC0042], Accessed 5 March 2026.

92 *Shell Plc v Stichting Milieudefensie and Others*,, ECLI:NL:GHDHA:2024:2099.

93 *Shell Plc v Stichting Milieudefensie and Others*, ECLI:NL:GHDHA:2024:2099., par. 7.96, 7.99, 7.111

94 Horak, H., *Klimatska odgovornost trgovačkih društava* in: Barbić, J. (ed.) Sporovi o klimatskim promjenama Hrvatska akademija znanosti i umjetnosti, Zagreb, 2025, p. 80.

Fragmented rules on civil liability and access to justice risk eroding one of the CSDDD's core enforcement pillars. However, Member States can go beyond Omnibus I to establish effective liability frameworks. Key priorities for Member States in transition should include reinstating the overriding mandatory application of civil liability and access-to-justice measures in cross-border cases, as well as ensuring third-party representation.

The CSDDD's impact on human rights, the environment, and climate will greatly depend on how Member States implement it, how civil society engages with it, and whether there are sufficient drivers for companies to engage meaningfully with the process.

REFERENCES

BOOK AND ARTICLES

1. Bueno, N.; Bernaz, N.; Holly, G.; Martin-Ortega, O., *The EU Directive on Corporate Sustainability Due Diligence (CSDDD): The Final Political Compromise*, Business and Human Rights Journa, Vol. 9, No. 2, 2024, pp. 294 – 300
2. Buhmann, K.; Feld, L., *Shifting boundaries: a transnational legal perspective on the EU Corporate Sustainability Due Diligence Directive*, Transnational Legal Theory, Vol. 15, No. 3, 2024, pp. 370–396
3. Butt, J.; Kousar, F,. *Driving Sustainable Growth: The Corporate Sustainability Due Diligence Directive as a Catalyst (CSDDD) for Public Administration Reform and Corporate Accountability in the European Green Deal*, The Journal of Accounting and Management, Vol. 14, No. 3, 2024, pp. 7 - 25
4. Ciacchi, S., *The newly-adopted Corporate Sustainability Due Diligence Directive: an overview of the lawmaking process and analysis of the final text*, ERA Forum 25, 2024, pp. 29 –48
5. Garbellini Filho, L.H., *The EU Corporate Sustainability Due Diligence Directive: Migrant Workers and Emerging Challenges in Respecting Human Rights*, Spanish Yearbook of International Law, Vol. 28, 2025, pp. 419 – 428
6. Hoffmeister, F., *The European Regulatory Approach on Supply Chain Responsibility*, Zeitschrift für Europarechtliche Studien, 25 February 2022, pp. 221 - 250
7. Horak, H., *Klimatska odgovornost trgovačkih društava* in: Barbić, J. (ed.) Sporovi o klimatskim promjenama, Hrvatska akademija znanosti i umjetnosti, 2025, Zagreb, pp. 75 – 100
8. Govindan, K.; Shaw, M.; Majumdar, A., *Social sustainability tensions in multi-tier supply chain: A systematic literature review towards conceptual framework development*, Journal of Cleaner Production, Vol. 279, 2021, pp. 1 - 22
9. Radchenko, M., *Greening the Supply Chain: CSR Clauses and Codes of Conduct in Light of the Corporate Sustainability Due Diligence Directive (CS3D)*, Journal of Law and Commerce, Vol. 43, No. 2, 2025, pp. 352 – 388
10. Talala, A.; Pereira, E.; al-Masry, M.; Fowler, Richard M.E., *The EU corporate sustainability due diligence directive: implications and the Qatari case study*, The Journal of World Energy Law & Business, Vol. 18, Issue 4, 2025, pp. 1 – 25

11. Villiers, C., *New Directions in the European Union's Regulatory Framework for Corporate Reporting, Due Diligence and Accountability: The Challenge of Complexity*, European Journal of Risk Regulation, Vol. 13, No. 4, 2022, pp. 548 – 566

EU LAW

1. Charter of Fundamental Rights of the European Union [2012] OJ C 326
2. Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, A Competitiveness Compass for the EU, Brussels, 29 January 2025 COM(2025) 30 final
3. Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the regions The European Green Deal, COM/2019/640 final
4. Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC Text with EEA relevance [2013] OJ L 182
5. Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 (Text with EEA relevance) [2024] OJ L 2024/1760
6. Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026 amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements (Text with EEA relevance) [2026], OJ L, 2026/470
7. Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements, Brussels, 26 February 2025, COM(2025) 80 final
8. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements, Brussels, 26 February 2025, COM (2025) 81 final
9. Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements and specifying further steps, Brussels, 26 February 2025, SWD(2025) 80 final
10. Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (Text with EEA relevance), [2023] OJ L 150

11. Regulation (EU) 2024/3015 of the European Parliament and of the Council of 27 November 2024 on prohibiting products made with forced labour on the Union market and amending Directive (EU) 2019/1937 (Text with EEA relevance), [2024], OJ L, 2024/3015

LIST OF NATIONAL REGULATION, ACTS AND COURT DECISIONS

1. Act on Procedures for Compensation of Damages for Violations of Market Competition, Official Gazette No. 69/17
2. *Shell Plc v Stichting Milieudefensie and Others*, ECLI:NL:GHDHA:2024:2099.

WEBSITE REFERENCE

1. Commission SWD/2022/42, final, Impact assessment report Accompanying the document Proposal for Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937, Available at: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52022SC0042], Accessed 5 March 2026
2. Council of the European Union, Press release, Council and Parliament strike a deal to simplify sustainability reporting and due diligence requirements and boost EU competitiveness, 9 December 2025, Available at. [https://www.consilium.europa.eu/en/press/press-releases/2025/12/09/council-and-parliament-strike-a-deal-to-simplify-sustainability-reporting-and-due-diligence-requirements-and-boost-eu-competitiveness/], Accessed 15 February 2026
3. European Parliament legislative resolution of 16 December 2025 on the proposal for a directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements (COM(2025)0081 – C10-0037/2025 – 2025/0045(COD)), Available at: [https://www.europarl.europa.eu/doceo/document/TA-10-2025-0324_EN.html], Accessed 15 February 2026
4. European Coalition for Corporate Justice, Suing Goliath: An analysis of civil cases against EU companies for overseas human rights and environmental abuses, available at: [https://corporatejustice.org/publications/suing-goliath/], Accessed 27 February 2026
5. Geert Van Calster, *Legal opinion: how the Omnibus creates uncertainty on civil liability for companies*, 2025, Available at: [https://gavclaw.com/wp-content/uploads/2025/06/legal_opinion_gvc.pdf], Accessed 27 February 2026
6. Healy, P.; Bing, J.; Schufft, F. R.; Kleemann, E., *Towards a Balanced Omnibus Proposal: Simplifying the CSDDD and CSRD While Upholding Human Rights and Environmental Standards*, Germanwatch, 2025, Available at: [https://www.germanwatch.org/en/node/93274]
7. ILO, Walk Free and International Organization for Migration, Global Estimates of Modern Slavery, *Forced Labour and Forced Marriage* (Geneva: ILO, Walk Free, IOM, 2022)., Available at:

[https://academic.oup.com/ilj/advance-article/doi/10.1093/indlaw/dwaf029/8251871], Accessed 3 March 2026

8. Jäger, J.; Durán, G.; Schmidt, L.; *Expected economic effects of the EU corporate sustainability due diligence directive (CSDDD)*, 2023, , Available at: [https://www.sustainablesupplychains.org/wp-content/uploads/2024/03/AC16942622.pdf], Accessed 11 February 2026
9. Joint Communication to the European Parliament and the Council EU Action Plan on Human Rights and Democracy 2020-2024, JOIN/2020/5 final, Available at: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52020JC0005], Accessed 11 February 2026
10. Ngangjoh-Hodu, Y.; Gazzini, T.; Kent, A.; Siikavirta, K.; Morris, P., *The proposed EU Corporate Sustainability Due Diligence Directive and its impact on LDCs : A Legal Analysis*, Ministry for Foreign Affairs of Finland, avaialbe at: [https://julkaisut.valtioneuvosto.fi/handle/10024/164784], Accessed 3 March 2026
11. OECD, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, OECD Publishing, Paris, 2023, Available at: [https://doi.org/10.1787/81f92357-en]
12. OECD, OECD Due Diligence Guidance for Responsible Business Conduct, OECD Publishing, Paris, 2018 [https://doi.org/10.1787/15f5f4b3-en]
13. Pietropaoli, I.; Elliott, J.; Gonzalez de Aguinaga, S., *Towards New Human Rights and Environment Due Diligence Laws: Reflections on Changes in Corporate Practice*, British Institute of International and Comparative Law, 2024, Available at: [https://www.biicl.org/documents/186_final_towards_new_hredd_laws_reflections_impacts_on_corporate_practice.pdf], Accessed 27 February 2026
14. Pannebakker, E., *Under the Omnibus: Corporate Sustainability Due Diligence Directive's rules on civil liability no longer overriding mandatory*, 4 June 2025, Available at: [https://conflictoflaws.net/2025/under-the-omnibus-corporate-sustainability-due-diligence-directives-rules-on-civil-liability-no-longer-overriding-mandatory/], Accessed 1 May 2026
15. Paris Agreement to the United Nations Framework Convention on Climate Change, Dec. 12, 2015, T.I.A.S. No. 16-1104., Available at: [https://unfccc.int/sites/default/files/resource/parisagreement_publication.pdf], Accessed 11 February 2026
16. Statement by the United Nations Working Group on Business and Human Rights on the European Commission's "Omnibus simplification package", 20 March 2025, Available at: [https://www.ohchr.org/sites/default/files/documents/issues/business/workinggroupbusiness/wgbhr-statement-19-03-2025.pdf], Accessed 27 February 2026
17. UN Office of the High Commissioner for Human Rights (OHCHR), *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework* (HR/PUB/11/04), New York and Geneva, 2011, Available at: [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf]