

Corporate Sustainability Due Diligence Directive [Omnibus update]

LEGISLATION FACTSHEET

The Corporate Sustainability Due Diligence Directive (CSDDD) has evolved significantly since its initial proposal by the European Commission 2022. Several iterations and compromises were made to reflect stakeholders' feedback and national interests: some of these included removing waste disposal from the original list of 'in-scope' activities, scaling back climate obligations and adopting a more limited risk-based due diligence.

Understanding whether a company is legally bound by CSDDD can be challenging, particularly as various thresholds need to be considered such as number of employees, net annual turnover, and geographical areas of operations. ETI's legislation factsheets break down complex legislation into accessible information to help you get to grips with legal developments impacting your approach to human rights and environmental due diligence.

Objective

The Corporate Sustainability Due Diligence Directive (CSDDD) seeks to enhance corporate accountability by imposing responsibilities on in-scope businesses to conduct risk-based due diligence regarding their adverse human rights and environmental impacts in their operations and relevant parts of their value chains, with a view to preventing, mitigating, and addressing such impacts.

Which companies are in scope?

EU companies

- Undertakings or parent companies of groups with more than 5,000 employees and an annual turnover of above 1.5 billion euro globally.

Non-EU companies

- Undertakings or parent companies of groups generating net revenue of above 1.5 billion euro in the EU (no employee threshold).

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What does the law mandate?

- **Policy commitment & governance:** Companies must adopt a due diligence policy, covering the strategy, responsibilities, and integration of human rights and environmental due diligence.
- **Mapping supply chains & business relationships:** Companies must structure their due diligence on a risk-based basis, allocating resources and actions to areas of their operations and business relationships that pose the greatest risk of adverse impacts. Companies must identify where human rights or environmental impacts are most likely and severe. This process informs risk prioritisation and directs where deeper assessments and interventions are needed.
- **Risk analysis and prioritisation:** Companies must identify, assess, and address actual and potential adverse human rights and environmental impacts across their operations and value chain as per a risk-based analysis.

Enforcement

- Member states designate a supervisory authority in charge of investigating and imposing penalties which can include fines of up to 3% of companies' net worldwide turnover.
- Civil liability for failure to comply with due diligence obligations is governed by national law, subject to applicable EU and international standards.

What's next?

EU member States are required to translate the Directive into their national laws and submit the relevant legal texts to the European Commission by 26 July 2028. Companies will have to comply with the new measures by July 2029.

Further resources

- [European Commission FAQs](#)
- [Human rights due diligence at ETI](#)
- [EU Due Diligence Navigator – database of support](#)

ETI cannot determine an individual company's legal liability. ETI encourages companies to consult their legal teams, who should have full knowledge of the company's contractual relationships across the value chain and are best placed to determine the applicability of relevant laws to their operations. In navigating human rights due diligence legislation, ETI's advice is to continue to act in line with the UNGPs, the OECD guidelines, and the ETI Base Code.