

Business and Human Rights

EVOLUTION OF THE CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE - CSDDD

HOUSE OF SUSTAINABILITY, 8 MAY 2025

BAŞAK BAĞLAYAN

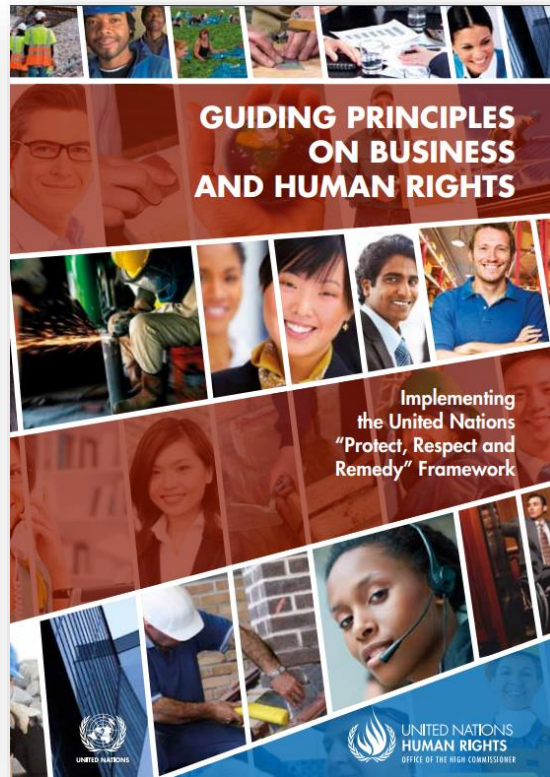
CONTENTS

Evolution of the Corporate Sustainability Due Diligence Directive (CSDDD / CS3D)

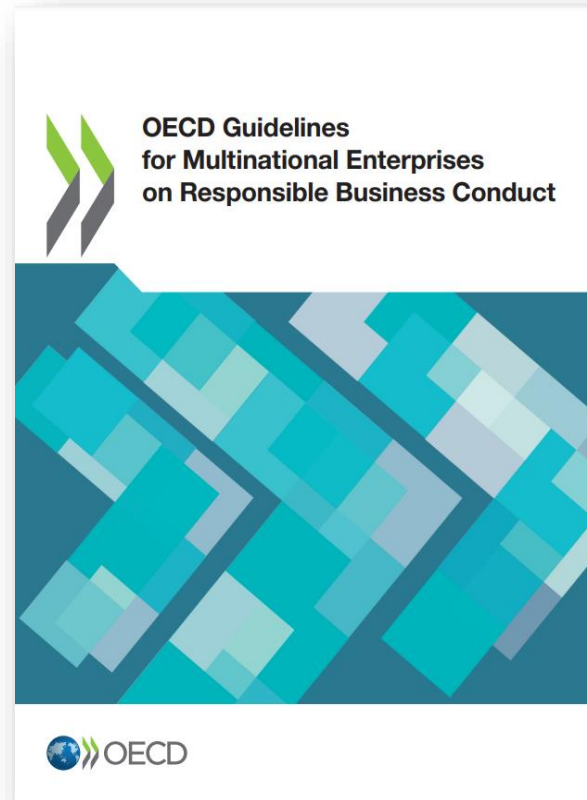
- Key International Standards on RBC
- Implementing International Standards Through Policy and Law
- Developments in the EU
 - CSDDD
 - EU Omnibus Simplification Package I

Key International standards

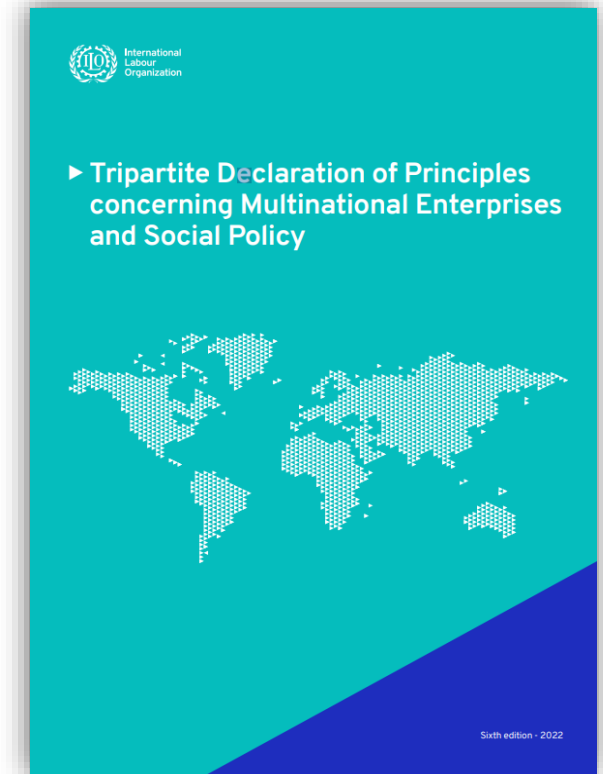
UN Guiding Principles on Business and Human Rights (2011)



OECD Guidelines for Multinational Enterprises on RBC (last update 2023)

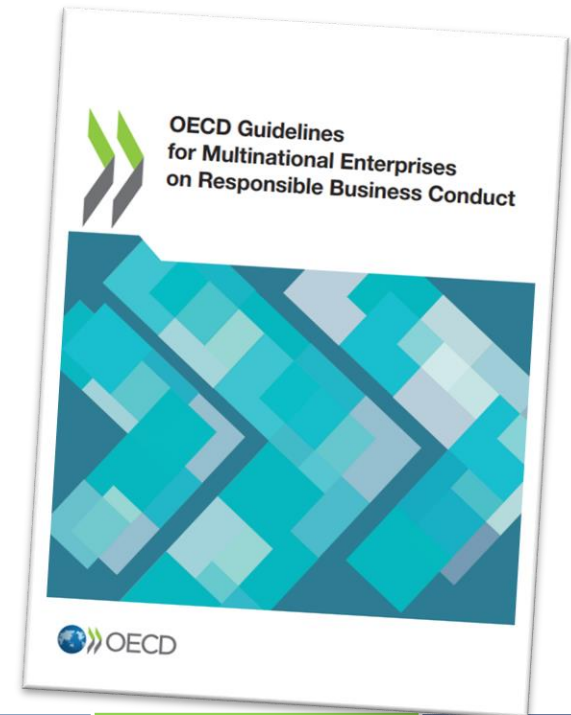


ILO Tripartite Declaration of Principles concerning MNEs and social policy (1977)



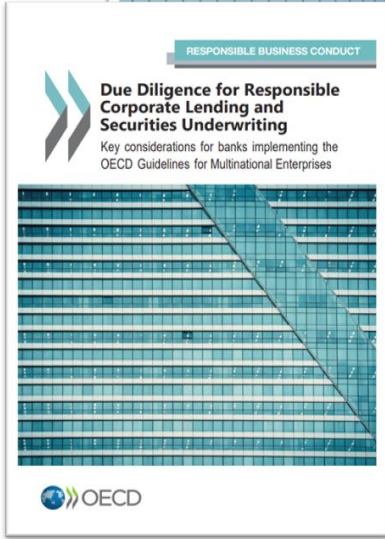
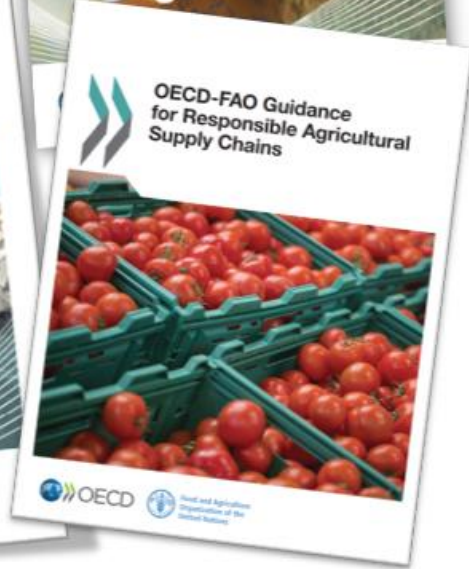
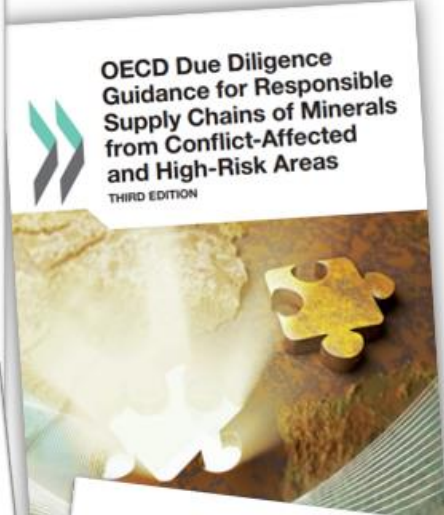
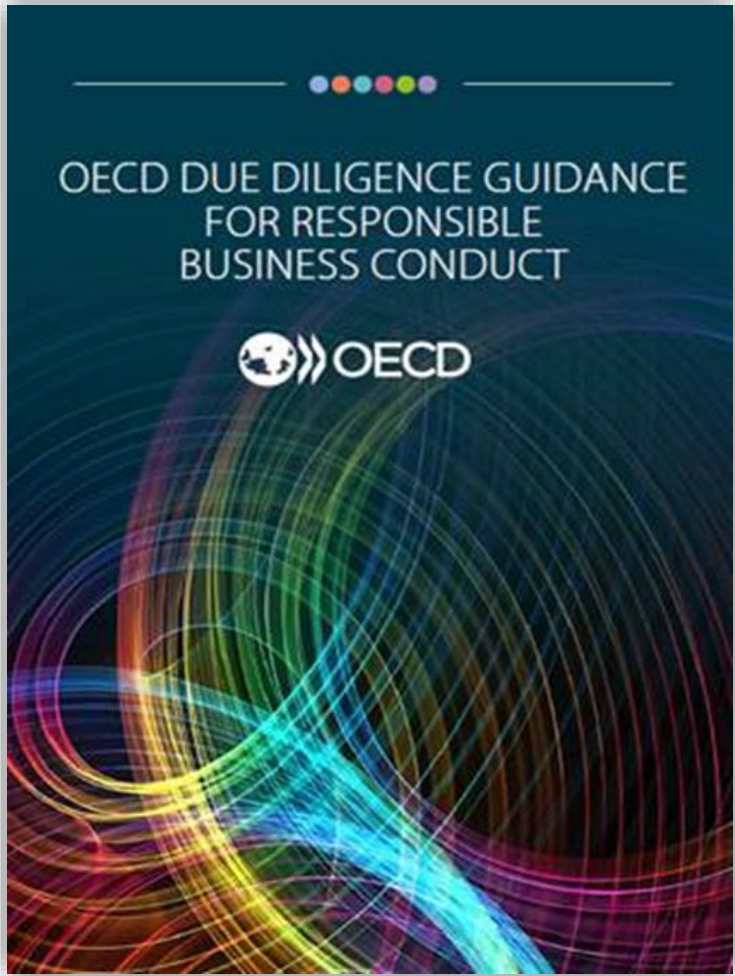
OECD Guidelines for MNEs on RBC

- ✓ First adopted in 1976, revised and updated 6 times (latest June 2023)
- ✓ Most **comprehensive** international standard on responsible business conduct
- ✓ Applied in 50+ countries
- ✓ **Unique implementation: National Contact Points**
- ✓ **Aligned with other** international RBC standards
- ✓ Reflected in emerging **domestic/regional laws and regulations**
- ✓ Incorporate **expectation of RBC due diligence**

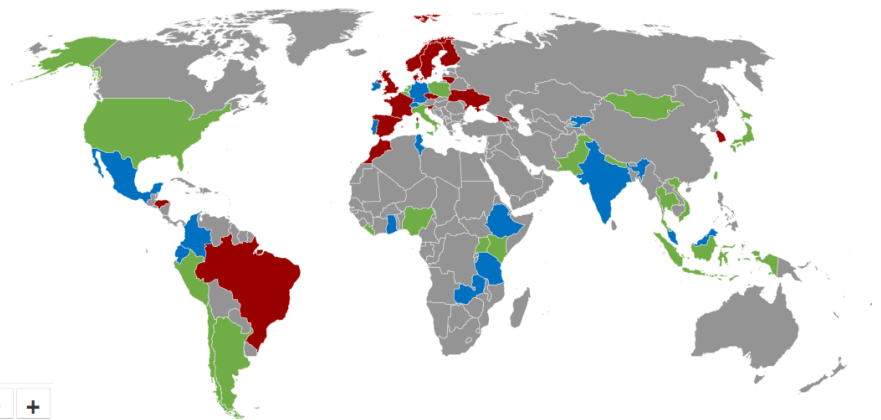


Disclosure	Human Rights	Employment & Industrial Relations
Environment	Consumer interests	Science, Technology and Innovation
Combating Bribery and Other Forms of Corruption	Taxation	Competition

OECD Due Diligence Guidance



Implementing International Standards Through Policy and Law



CSDDD does not exist in a vacuum...

- Part of the EU ESG framework, complementing CSRD, SFRD, Taxonomy ...
- Preceded by policy and regulatory developments across the globe ...
 - o UK Modern Slavery Act
 - o French Duty of Vigilance Law
 - o The Norwegian Transparency Act
 - o Proposed Belgian and Dutch mandatory human rights due diligence legislation
 - o German Supply Chain Due Diligence Act
 - o US Uyghur Forced Labor Prevention Act
 - o Australian Modern Slavery Act
 - o Japanese Human Rights Due Diligence Guidelines
 - o ...



Map source: <https://globalnaps.org/>

Corporate Sustainability Due Diligence Directive – CSDDD / CS3D

Timeline

- Feb 2022** – The EU Commission published a legislative proposal for CSDDD.
- Dec 2023** – The EU Parliament and Council reached a provisional agreement.
- Mar 2023** – The EU Parliament adopted in plenary the final text of the Directive.
- May 2024** – The EU Council adopted the Directive.
- July 2024** – CSDDD has been published on the EU Official Journal on 5 July 2024, and entered into force on 25 July 2024.

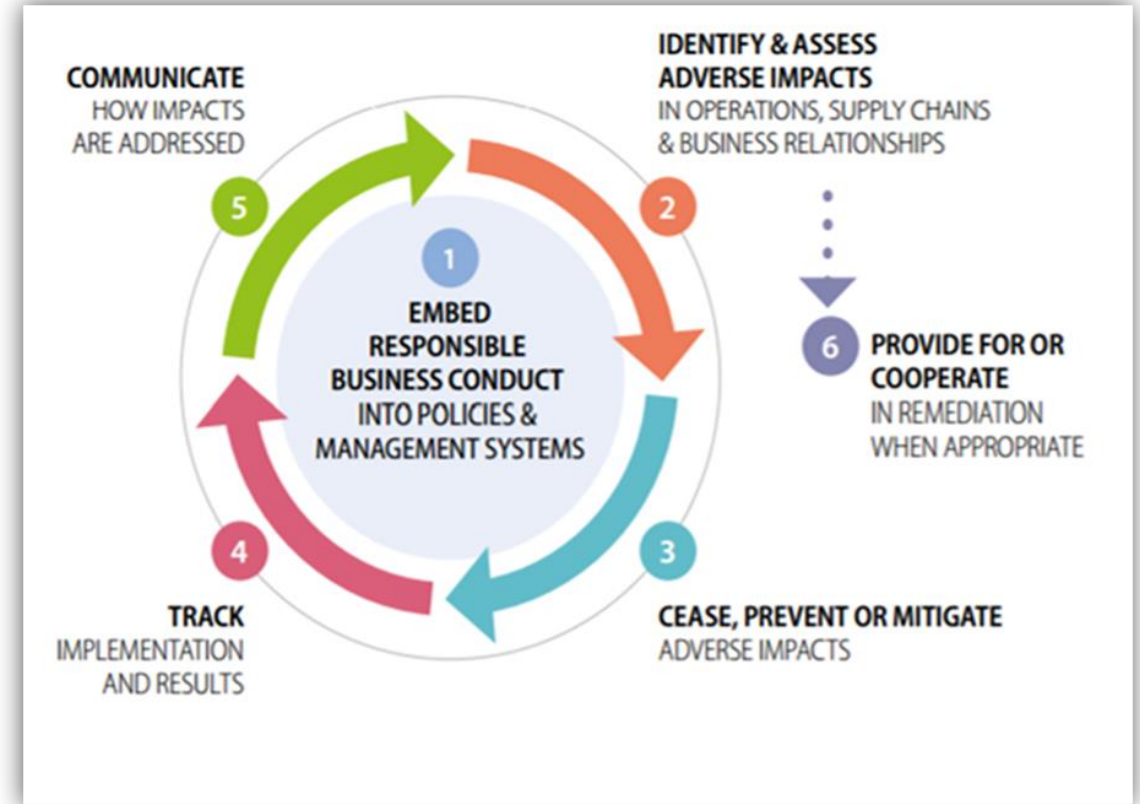
Objective: Promote sustainable and responsible corporate practices across global supply chains.

CSDDD

Obligations

- Requires in-scope companies to ...
 - ... conduct **risk-based due diligence to identify and mitigate human rights and environmental risks** in their own operations, subsidiaries, and in their “chain of activities” (upstream & downstream).
 - ... **implement transition plans that align with the Paris Agreement’s** goal of limiting global warming to 1.5°C, including achieving climate neutrality by 2050.

Risk-based due diligence



CSDDD

Personal Scope

EU (≈ 6,000)

- +5 000 employees; €1 500 million turnover worldwide (3 years)
- +3 000 employees; €900 million turnover worldwide (4 years)
- **+1 000 employees; €450 million turnover worldwide (5 years)**

Third-Country (≈ 900)

- €1 500 million turnover in EU (3 years)
- €900 million turnover in EU (4 years)
- **€450 million turnover in EU (5 years)**

The directive applies if the conditions are met for 2 consecutive financial years.

CSDDD

Oversight & Enforcement

Public enforcement by supervisory authorities

- Supervisory Authorities to be designated by each Member State
- Broad supervisory powers, including; **request information and carry out investigations** (on their own motion or as a result of substantiated concerns), order cessation and interim measures, impose administrative fines.
- European Network of Supervisory Authorities for coordination, alignment of practices and sharing of information.

Private enforcement and civil liability

- In-scope companies may be **held liable for damages if they intentionally or negligently fail to fulfil their due diligence obligations and that failure causes harm to a protected legal interest.**
- MS must ensure procedural safeguards, including access to justice, representative actions, and evidence disclosure, while also guaranteeing that national liability provisions apply even in cross-border cases.

Timeline (continued)

- July 2024** — CSDDD enters into force.
 - Sept 2024** — Mario Draghi's report on European competitiveness is released.
 - Nov 2024** — The European Commission announces plans for an Omnibus Package to simplify the EUTR, CSRD, CSDDD, and CBAM.
 - Jan 2024** — European Commission publishes Competitiveness Compass.
 - 12 Feb 2025** — 2025 Work Program released, setting out plans for at least 5 Omnibus Packages.
 - 26 Feb 2025** — First Omnibus Simplification Package on sustainability reporting published.
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EU Omnibus Simplification Package I

Published on 26 February 2025 and is composed of several legislative proposals:

- A “stop-the-clock” directive to postpone the effective dates of requirements under the CSRD and CSDDD.*
- A directive making substantive amendments to the CSRD and CSDD and their linkage to the Taxonomy.
- A draft delegated act to revise some of the currently applicable delegated acts under the EU Taxonomy Regulation (EUTR).
- Proposal to amend the Carbon Border Adjustment Mechanism (CBAM) Regulation.

* The “Stop the Clock” Directive was published in the Official Journal of the EU on 16 April 2025. Member States must transpose it into national law by 31 December 2025. It postpones both the transposition deadline and the first wave of application of the CSDDD by one year. The new transposition deadline is 26 July 2027 (previously 2026), and the first wave of companies will need to comply from 26 July 2028 (instead of 2027).

EU Omnibus Simplification Package I

Proposed substantive amendments: CSDDD

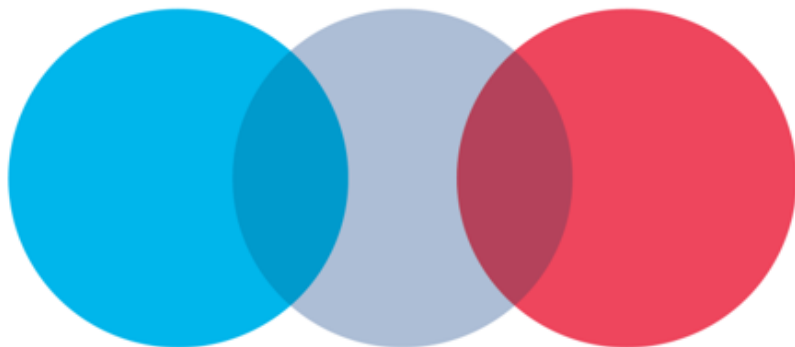
Scope of DD obligations	Limiting the chain of activities covered by due diligence obligations to tier 1 (direct) business partners. Indirect business partners (below Tier 1) included if there is “plausible information” about potential or actual adverse impacts involving them.
“SME Shield”	Limiting information requests vis-à-vis SME and SMC business partners for mapping adverse impacts.
Maximum harmonization	Extending the scope of maximum harmonisation to more CSDDD provisions.
Termination	Deleting the obligation of the last resort measure to terminate the business relationship; focus on suspension and remediation.
Monitoring	Extending the frequency of periodic assessments and possible updating of due diligence policy and measures to 5 years, with ad hoc reviews for major changes to the business relationship.

[...] Omnibus Proposed substantive amendments: CSDDD

Civil Liability	Removing harmonised EU conditions for civil liability and provisions on representative actions; while maintaining access to justice and compensation for victims.
Penalties	Removing 5% turnover cap; fines should be effective, proportionate and dissuasive.
Stakeholder	Redefining “stakeholder”; and limiting the stages of the due diligence process which require stakeholder engagement.
Transition plans	Deleting the “put into effect” requirement of the climate plan and aligning it with the CSRD regime; proposing that transition plans now include “outlining implementation actions, planned and taken”.
Financial sector	Deleting the review clause on the inclusion of financial services in the scope of the CSDDD.

What comes next?

- The EU legislative process around the CSDDD and the Omnibus Package remains ongoing and subject to change.
- International standards, such as the UNGPs and the OECD Guidelines, continue to serve as a foundational frame of reference for responsible business conduct.



Thank you!

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<https://pcn.gouvernement.lu/fr.html>

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