

The Corporate Sustainability Due Diligence Directive

CURRENT FRAMEWORK, KEY CHANGES AND PRACTICAL IMPLICATIONS

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House of Sustainability, 14 April 2026

What is the CSDDD?

- EU directive establishing due diligence obligations for **very large companies**
- Covers **actual and potential adverse human rights and environmental impacts**
- Applies to **own operations, subsidiaries** and certain **business partners in chains of activities**
- Includes **supervision, penalties** and **civil liability** mechanisms
- Member States must transpose it by **26 July 2028**; national rules apply from **26 July 2029**

Who is in scope?

- **EU companies:** more than **5,000 employees** and more than **EUR 1.5 billion** net worldwide turnover
- **EU ultimate parent companies:** groups meeting those thresholds
- **Non-EU companies:** more than **EUR 1.5 billion** net turnover generated in the EU
- **Franchising / licensing companies:** more than **EUR 75 million** in royalties and more than **EUR 275 million** net worldwide turnover
- **SMEs:** not directly in scope under the current thresholds

What are the main requirements?

- **Integrate** due diligence into **policies** and **risk management systems**
- **Carry out scoping** and **in-depth assessment** of impacts
- **Prioritise** by **severity** and **likelihood** where necessary
- **Prevent, mitigate, bring to an end** or **minimise** adverse impacts
- **Provide remediation** where the company caused or jointly caused an actual adverse impact
- **Engage** with stakeholders; maintain a **notification mechanism and complaints procedure; monitor** and **communicate**

How are SMEs affected?

- **SMEs** are not directly in scope
- They may nevertheless be affected as **business partners in chains of activities**
- **Information requests** must be **necessary** and, for smaller partners, only where the information cannot reasonably be obtained elsewhere
- In-scope companies must provide **targeted and proportionate support** where needed
- Contract terms with SMEs must be **fair, reasonable and non-discriminatory**
- In-scope companies must bear the cost of **third-party verification** carried out in relation to SMEs

How is the directive enforced?

- **Supervisory authorities** designated at national level
 - **Substantiated concerns** may be submitted to supervisory authorities
 - **Administrative penalties**, including fines of up to **3% of net worldwide turnover**
- **Potential civil liability under national law**; where liability is established, a **right to full compensation**
- Company-level **notification mechanisms** and **complaints procedures**

Timeline

- **February 2022:** Commission proposal
- **June 2024:** CSDDD adopted
- **July 2024:** published in the Official Journal
- **April 2025:** “stop-the-clock” amendment adopted
- **February 2026:** substantive Omnibus I amendment adopted
- **March 2026:** current consolidated text on [EUR-Lex](#)

Main Omnibus I amendments

- **Scope:** significantly narrowed
- **Methodology:** more **targeted** and **explicitly risk-based**
- **Climate transition plan:** dedicated obligation removed
- **Penalties:** revised; maximum cap set at **3% of net worldwide turnover**
- **Civil liability:** provision revised
- **Application timeline:** transposition by **26 July 2028**; application from **26 July 2029**

Luxembourg transposition and guidance

- The **Ministry of the Economy** is preparing transposition in coordination with the **relevant ministries**
- A **draft law** is expected in the **coming months**
- **Commission guidance** -including model contractual clauses- is expected in **2027** and **2028**
- The directive also provides for a **single helpdesk** and **national information portals**

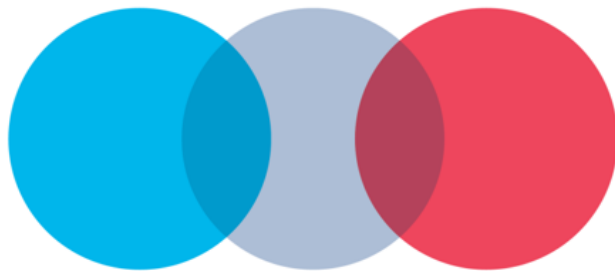
Beyond the CSDDD: the broader RBC framework

- The CSDDD is part of the **broader responsible business conduct framework**
- It should be read alongside the **UN Guiding Principles** and the **OECD Guidelines**
- In Luxembourg, the **LuxNCP** promotes [OECD Guidelines for Responsible Business Conduct](#)
- **Due diligence matters beyond direct legal scope**



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Thank you!

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