

Transposing the CSDDD – Navigating Legal Uncertainties amidst the Omnibus proposal and Implementation Challenges

Policy Brief - Implementing the CSDDD: Lessons Learnt From the Comparative Experiences





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The [NOVA Centre on Business, Human Rights and the Environment](#) (BHRE) is an innovative and multidisciplinary academic centre dedicated to promoting responsible and sustainable business conduct. Its mission is to uphold respect for human rights, decent work and environmental standards throughout global value chains.

The [British Institute of International and Comparative Law](#) (BIICL) exists to advance the understanding of international and comparative law, and to promote the rule of law in international affairs.

The [Leuven Centre for Global Governance Studies](#) is an interdisciplinary research centre of the Humanities and Social Sciences at the KU Leuven (University of Leuven). It has been founded in 2007 and conducts international, innovative and interdisciplinary research on global governance.

[HIVA](#) is a multidisciplinary research institute, affiliated with KU Leuven, specializing in policy-oriented research focused on labour market dynamics, social policy, education, business and human rights, and sustainability. The institute bridges academic inquiry with real-world impact, aiming to support evidence-based policymaking at national and international levels.

The [Mediate](#) project (2024–2028) is a consortium of Belgian research groups at KU Leuven and University of Ghent, exploring how intermediary actors—like consultants, auditors, NGOs, trade unions, and federations—shape corporate sustainability due diligence. It investigates their roles in interpreting, implementing, and contesting the emerging regulatory framework at EU level. The project also aims to empower these actors through practical tools, guidelines, training, and dialogues, strengthening their positive contribution to responsible business practices.

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Overview

On 28 May 2025, the NOVA Centre on Business, Human Rights and the Environment, the British Institute of International and Comparative Law, the Leuven Centre for Global Governance Studies and the HIVA Research Institute for Work and Society hosted a workshop titled "**The Transposition of the CSDDD - Navigating Legal Uncertainties amidst the Omnibus proposal and Implementation Challenges**" in Lisbon, Portugal. The event brought together 20 policymakers from 9 European countries and over 30 experts from 15 countries across 5 continents representing legal practice (lawyers and consultants), civil society, academia, national human rights institutions, and international organizations such as the UN, the Council of Europe, and the OECD Centre for Responsible Business Conduct.

The workshop served as a platform for policymakers to clarify recent developments, consider future regulatory scenarios, and identify immediate actions for effective CSDDD transposition.

Key themes included lessons learned from the comparative experiences of countries that have already adopted legislative frameworks on mandatory human rights and environmental due diligence (HREDD). Participants explored critical elements that national transposition laws must include to ensure effectiveness and considered strategies to support companies in fulfilling their HREDD obligations.

The workshop also offered practical guidance for policymakers, including immediate steps to align national legislation with international standards and with the CSDDD, and emphasized the importance of engaging with businesses, civil society, and other stakeholders.

This is the first of three briefs summarising key discussions and takeaways from each of the panels of the workshop. This brief focuses on lessons learnt from the comparative experiences of previous HREDD regulation for implementing the CSDDD. The second brief will consider best practices to overcome transposition challenges of the CSDDD. The third brief will highlight developments and initiatives in the area of accompanying measures for HREDD regulation.

Introduction

The opening remarks of the workshop noted that the development of the CSDDD emerged from several converging factors that created momentum for comprehensive EU-level legislation on business and human rights. Key drivers included:

- The EU's [Action Plan on Sustainable Finance](#), which prompted investors to demand due diligence requirements,
- The EU [Shadow Action Plan on Business and Human Rights](#), published by the (informal) Responsible Business Working Group of the European Parliament, which explicitly called for action by EU institutions and mandatory human rights due diligence (HRDD) legislation.
- The European Commission's pivot towards [a more sustainable and fair trade policy](#), aligning various policy areas under a coherent sustainability agenda.

Furthermore, the [2020 study on due diligence in supply chains conducted for the European Commission](#) provided the empirical foundation for the CSDDD. The study revealed that only about **one-third of surveyed companies** had some form of human rights and environmental due diligence in place, and that these efforts were often limited to **Tier 1 suppliers**, which raised concerns since the most severe human rights impacts usually occur deeper in the supply chain. Stakeholders across all sectors expressed dissatisfaction with the fragmented legal landscape at national level and voiced strong support for a **harmonized EU-wide due diligence regime**. Only employer associations were generally opposed to mandatory HREDD law and preferred voluntary standards, while most companies and stakeholders strongly supported it. Notably, 70% of companies surveyed thought it would benefit business by:

- **Legal certainty**
- **A level playing field**
- **Facilitating trade** by applying consistent rules across the EU market.

The study stressed that, in line with international standards, the resulting obligation should set a **standard of conduct** and not become a tick-box exercise. There was also broad consensus on the need to anchor this duty in international standards, especially the UN Guiding Principles on Business and Human Rights.

Moreover, the **impact assessment** of the study showed that mandatory due diligence would not impose significant economic burdens—costs were estimated at **less than 0.14% of revenues for SMEs** and **0.009% for large companies**—and it was expected that there would be “no significant distortions” of competition within the internal market.

Despite this foundation, **2024 has marked a turning point**, with the EU shifting its focus from sustainability to **competitiveness**. The proposed **Omnibus Directive**—aimed at modifying key sustainability and due diligence provisions—has raised significant concerns, and notably:

- **Lack of impact assessment** to empirically show its expected outcomes, unlike the CSDDD
- **Misalignment with international standards** (e.g. UNGPs, OECD Guidelines)
 - A **weakened risk-based approach**, narrowing focus to Tier 1 suppliers
 - **Potential negative consequences for SMEs**
 - **Dilution of civil liability provisions** and enforcement mechanisms

These changes have led to global uncertainty, as businesses await clarity on the final shape of the EU's human rights and sustainability legislation—and how it will be **transposed into national law**.

The **European Central Bank** and various business and investor groups have publicly opposed the Omnibus proposal, raising [concerns about the proposal's impact on the financial sector](#).

As EU Member States prepare for the **transposition of the CSDDD**, it is crucial to reflect on lessons from existing national HRDD laws. These laws have [shown positive effects on business practice](#), such as improved risk assessments, stakeholder engagement, and governance structures. However, gaps remain—particularly in **enforcement capacity, support for SMEs**, and the **integration of international standards**. Although the CSDDD adopted on 13 June 2024 sought to close many of these gaps, the Omnibus Proposal now threatens to reverse that progress.

The current legislative moment offers a chance to build a **coherent and enforceable EU framework** that not only drives better business conduct but also safeguards the rights of those affected throughout global value chains.

Panel I - Implementing the CSDDD: Lessons learnt from the comparative experiences

French Duty of Vigilance Law

The French Duty of Vigilance Law (DVL) - the first human rights and environmental due diligence (HREDD) law to be adopted in Europe and globally - offers valuable insights for the implementation of the CSDDD. Though brief in form, the DVL serves both preventative and repressive functions: it seeks to enhance corporate accountability and ensure access to remedies for victims when harms occur.

The **adoption of the DVL was crucial** to demonstrate that a cross-sectoral mandatory HREDD legislative framework was **feasible**, paving the way for similar laws elsewhere.

Experts note that the law has had a **significant positive impact on corporate practices**, particularly in strengthening risk mapping, and more generally aligning companies' practices more closely with the UN Guiding Principles on Business and Human Rights (UNGPs). Over time, French companies have reported benefits, including **increased competitiveness** and **improved access to sustainable finance** - underlining the business case for mandatory due diligence.

A notable strength of the DVL lies in its **civil liability provisions** which have created a **credible litigation** threat, incentivizing **better reporting, governance and risk assessment**.

However, the law also faces challenges. There has been **limited case law** due to initial procedural hurdles (most of them having since been clarified), with only the La Poste case decided on substantive grounds to date. The **absence of a dedicated public enforcement body** led to fragmented and sometimes inconsistent implementation.

From the French experience, several **elements of good practice** have emerged:

- The creation of **dedicated judicial expertise**: the recent establishment of dedicated judicial chambers is expected to enhance the law's effectiveness, enabling consistency, efficiency, and quality in decision-making, and providing greater legal certainty for both companies and affected stakeholders
- The **critical role of implementation reports**: several reports were published, including one commissioned by the French Ministry for Economic Affairs and Finance which provided valuable empirical insights into both progress and persistent gaps in implementation.

- An emerging sense of **shared responsibility** between companies and stakeholders.

Yet, the law has also revealed **systemic shortcomings**. Beyond the above-mentioned absence of a **dedicated supervisory authority** to oversee compliance – a gap that the CSDDD seeks to address – there was a notable **lack of early-stage guidance** for companies and other stakeholders. This highlights the critical need for policymakers enacting HREDD laws to provide timely, practical guidance from the outset to ensure that obligations are clearly understood and implementable across the value chain. Additionally, the DVL did not provide support for SMEs that were indirectly impacted by the law through the trickle-down effect. Studies indicate that **80% of SMEs** supplying large companies were asked to implement due diligence measures, yet **90% reported receiving little or no support**. As larger companies increasingly expect their suppliers to uphold human rights and environmental standards, many SMEs struggle to meet these demands without adequate assistance. In this context, the CSDDD's specific provisions aimed at supporting SMEs were widely regarded as a valuable and necessary improvement.

Finally, while the civil liability provisions have proven vital in **motivating corporate action**, experts emphasize that **sanctions must be both credible and adaptable** to be truly effective. Additionally, **stakeholder engagement** and the development of **dialogue-based mechanisms** were identified as essential to moving beyond adversarial enforcement models toward a **more cooperative and systemic approach to compliance**.

Together, these lessons highlight the need for a **well-resourced institutional framework under the CSDDD**—one that balances legal clarity, effective oversight, SME support, and participatory implementation across the value chain.

German Supply Chain Act

The implementation of Germany's Supply Chain Due Diligence Act (LkSG) has triggered meaningful changes in corporate behaviour, with **many companies investing in HRDD**. Businesses have begun to **hire human rights experts**, establish **cross-functional implementation teams**, and **streamline internal processes**—such as centralizing procurement—to meet the law's requirements. This has enabled the **integration** of human rights into core business operations. In addition, the enforcement authority (the Federal Office for Economic Affairs and Export Control - BAFA) has adopted a supportive and dialogue-based approach and fostered **collaborative learning process** among companies, the German government, civil society, and legal advisors.

Early adopters have moved beyond abstract risk matrices, embracing **shared responsibility models** with suppliers and using **targeted risk mapping, sector-specific tools**, and **issue prioritization**. These approaches have begun to produce **tangible benefits for**

rightsholders, including workers in the trucking industry, Chinese manufacturing, and global labour unions –demonstrating the law’s emerging influence on conditions on the ground.

However, the LkSG experience has also highlighted **critical challenges**. A key concern is that a number of companies have adopted compliance-driven approaches, relying heavily on standardized questionnaires, certification schemes and **tick-box IT tools** that offer the appearance of compliance without addressing real risks. **Recent studies** suggest that the **quality of due diligence is declining**, with a number of companies prioritizing legal risk minimization over meaningful action. This tendency is reinforced by:

- The law’s narrow focus on **Tier 1 suppliers**, despite many risks occurring deeper in the supply chain
- Legal departments’ emphasis on **risk avoidance**, often sidelining meaningful engagement
- **A number of external advisors pushing companies towards compliance strategies leading to unnecessary burdens**, especially for SMEs

Experts have called for clearer guidance, more practical enforcement tools, and adjustments to the law to send the right signals—emphasising on **substantive, risk-based approaches** over formalistic compliance. The **CSDDD** appears to address most of these shortcomings by mandating **a risk-based approach to HREDD**. In addition, the introduction of a **civil liability in the CSDDD, which is lacking under the LkSG, was widely seen as a very positive and necessary improvement**. However, concerns remain about the **Omnibus proposal**, which may replicate the LkSG’s weaknesses if not strengthened.

Experts emphasize the need for:

- **Greater capacity building** across companies
- **Stronger enforcement mechanisms**
- **Streamlined and coherent guidance**, grounded in international standards such as the **UNGPs** and **OECD Guidelines**

These adjustments are essential to ensuring the LkSG—and future frameworks like the CSDDD—achieve their intended impact on rightsholders and foster meaningful corporate accountability.

Norwegian Transparency Act

The Norwegian Transparency Act has had a broadly positive impact on corporate practices, as demonstrated by two recent [surveys](#) and extensive engagement with companies subject to the law. Applying to around **9,000 companies**, including many **SMEs**, the law is grounded in **international standards** – the UNGPs and the **OECD Guidelines for Multinational**

Enterprises -, gaining stakeholder support. It has fostered greater attention to **human rights in the provision of goods and services**, without triggering notable negative effects on competitiveness, and **shown that risk-based due diligence works**. Companies, including SMEs, report that the law is **clear, manageable and beneficial**.

A key strength of the law is its **broad scope**, which includes SMEs, and its **realistic compliance framework**. Reported benefits include **better recruitment practices, living wages, grievance handling**, engagement with **Indigenous Peoples**, and increased supply chain transparency. Unlike other regimes, many Norwegian firms rely on **internal implementation** rather than external consultancy support. While public awareness remains limited, **civil society organizations (CSOs)** have made most of the requests for information under the Act—rather than consumers themselves.

The **Norwegian Consumer Authority** is responsible for enforcement and has adopted a **phased approach**: beginning with **dialogue-based oversight**, it has now begun issuing **administrative penalties** for non-compliance. One textile company was recently fined for failing to respond to an information request, and broader **compliance reviews** have revealed reporting gaps across multiple sectors. This gradual shift toward enforcement has enhanced the credibility of the law without overwhelming businesses in its early stages.

Cross-agency collaboration, notably between the Consumer Authority and the NCP has enhanced the success of the law.

The development of the Transparency Act was partly driven by anticipation of future **EU legislation** and built upon lessons from other frameworks such as the **French Duty of Vigilance Law** and the **UK Modern Slavery Act**. The drafting committee even conducted an international fact-finding mission, including to China, to assess potential global impacts.

An **ongoing [evaluation by KPMG and the Norwegian Consumer Research Institute](#)** indicates that many companies **understand the legal requirements** and are demonstrating **early improvements** in practice. However, concerns persist around the **bureaucratization of due diligence**. Much early compliance has been **desk-based**, with limited emphasis on **remedy or concrete risk mitigation**. Companies have called for **more practical guidance**, along with opportunities for **shared learning and knowledge exchange**.

Overall, the Norwegian experience highlights several key lessons for broader due diligence legislation, including the CSDDD:

- The value of a **clearly mandated and accessible oversight body**
- The importance of a **compliance structure suited to SMEs**
- The need for **accessible transparency mechanisms**
- The benefit of **phased enforcement**, paired with supportive guidance

While still early in its implementation, the Transparency Act demonstrates how **clear expectations, international alignment, and collaborative oversight** can support meaningful progress on business and human rights.

Conclusion and Takeaways

Comparative insights from France, Germany and Norway have highlighted several key success factors for effective HREDD legislation, forming the basis for **4 core policy recommendations** to guide the transposition and implementation of the CSDDD:

1. **Prioritize a risk-based approach aligned with international standards:** National laws transposing the CSDDD must center on a **risk-based model** consistent with the **UN Guiding Principles on Business and Human Rights (UNGPs)** and **OECD Guidelines**. Limiting due diligence to Tier 1 suppliers undermines the effectiveness of the law, as significant human rights and environmental risks often occur deeper in supply chains. This approach should allow companies to prioritize the most severe risks rather than adopt a formalistic or box-ticking strategy.
2. **Ensure Early-Stage, Practical Guidance for Business:** Effective implementation requires **timely and tailored guidance** from the outset. Countries should allocate resources for clear, sector-specific, and scalable tools that help companies—especially SMEs—understand and apply the law. This includes practical examples, templates, and opportunities for peer learning to avoid bureaucratic overload and superficial compliance.
3. **Build Strong, Accessible, and Phased Oversight Mechanisms:** Create a **well-resourced supervisory authority** with clear mandates and enforcement powers. Oversight bodies should begin with **dialogue-based enforcement**, as demonstrated effectively in Norway, and gradually scale to administrative penalties where needed. Such bodies must be approachable, provide meaningful support to companies, and coordinate with other national and international stakeholders.
4. **Provide Targeted Support for SMEs and Foster Stakeholder Engagement:** SMEs face particular challenges in meeting due diligence expectations passed down by larger companies. Transposition laws should incorporate **specific support mechanisms** for SMEs (e.g., guidance, financial incentives, capacity building) and mandate **inclusive stakeholder engagement**. Fostering shared responsibility across the value chain will help shift compliance from a burden to a collaborative effort.

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