

OHCHR Commentary on the Omnibus Proposal

EU proposal risks backsliding on historic Corporate Sustainability Directive

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The [European Union \(EU\) Corporate Sustainability Due Diligence Directive \(CSDDD\)](#) entered into force in July 2024. Following years of negotiations, the adoption of the CSDDD was a milestone in global efforts to ensure business respect for human rights and the environment. The directive has been welcomed by a [wide spectrum](#) of business enterprises, governments, investors, civil society, and other actors. **The Office of the UN High Commissioner for Human Rights (OHCHR) has long supported the process to develop the CSDDD and [has made substantial contributions](#) in line with its belief that mandatory human rights due diligence regimes have a vital role to play as part of a “*smart mix*” of measures to effectively foster business respect for human rights, as called for in the [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#).**

Following the adoption of the CSDDD, many companies started to adjust and invest in bringing their existing due diligence processes in line with the CSDDD, and EU Member States started tangible preparatory work to transpose the directive into national legislation. This not only helped in aligning company practice with both EU legislation and international standards, but also helped prepare these companies for forthcoming mandatory human rights due diligence regimes in other parts of the world.¹

In February 2025, the European Commission presented [a proposal to amend EU directives on sustainability reporting and due diligence](#) (Omnibus Proposal) – the first series of the so-called omnibus package. Among the stated goals of the proposal is “*to simplify and streamline the regulatory framework with a view to reduce the burden on undertakings resulting from the [Corporate Sustainability Reporting Directive (CSRD)] and the CSDDD without undermining the policy objectives of either piece of legislation.*”

OHCHR understands why some simplification and streamlining of the EU corporate sustainability regime could be advantageous. However, **any changes should not jeopardize alignment with international standards on responsible business conduct (in particular the UNGPs, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy) or create blind spots where human rights abuses could go undetected and unaddressed.** Unfortunately, parts of the Omnibus Proposal raise serious concerns about whether EU law will ultimately be aligned with the letter, logic, and spirit of these standards. This could end up weakening protections for workers and communities, in Europe and beyond.

This paper outlines some of OHCHR’s concerns regarding the proposed changes to the CSDDD.² In doing so, **OHCHR joins the many voices, including from the business community, who have expressed concerns with the Omnibus Proposal.** One of the EU’s most senior [financial supervisors](#) has warned against using

¹ For example, [Thailand](#) will reportedly introduce a mandatory supply chain due diligence law. The [inaugural meeting of the OECD’s Inclusive Platform on Due Diligence Policy Cooperation](#) brought together 60 country representatives in March 2025, many of which are considering introducing legislation.

² While this paper focuses on some of the substantive proposals to change the CSDDD, OHCHR also has concerns regarding the process underlying the Omnibus Proposal. In April 2025, [a coalition of civil society organizations lodged a complaint with the European Ombudsman](#) regarding the process.

competitiveness as a pretext to weaken regulations, saying “Don’t cut rules, harmonise them.” [Major businesses](#), as well as [organizations with thousands of business members](#), have urged the EU not to weaken the CSRD and CSDDD. Over [40 European national human rights institutions](#) have raised similar objections and flagged concerns, as have [investors](#), [civil society organizations](#) and [trade unions](#). As the [UN Working Group on Business and Human Rights](#) has said, for the EU to maintain its leadership on sustainability policy, the omnibus proposals should be revised to align with the UNGPs.

The following sections highlight OHCHR’s concerns with the Omnibus Proposal as regards the identification and assessment of adverse impacts and civil liability.

1. Identifying and assessing actual and potential adverse impacts

A. Undercutting risk-based human rights due diligence

The Omnibus Proposal suggests amending the CSDDD “in a way that relieves companies from the obligation to pro-actively assess actual or potential adverse impacts at the level of indirect business partners (i.e. those beyond the first tier) in the absence of specific circumstances.”³ By doing so, **the proposal disregards the pragmatic approach of the UNGPs and CSDDD as adopted (including to address complex value chains)⁴ and risks creating massive blind spots in the due diligence efforts of companies.**

Business enterprises may become involved with impacts on human rights through their own activities or through their business relationships. Under relevant international standards, business enterprises are expected to carry out a [risk-based approach to human rights due diligence](#), meaning that companies should focus first and foremost on the most severe and most likely impacts that they may be involved with, regardless of where such impacts appear in their value chain.

An essential first step in any human rights risk management exercise, and one which many companies already conduct, is to identify and assess the impacts with which one might be involved. Only then can a business know where to focus its efforts, including to address those impacts that are most severe. Blind spots in a company’s due diligence efforts – for instance, because certain business relationships are excluded from review – could lead to situations where a company is unaware of where their most severe human rights risks and impacts occur. Further, neglecting to identify and address issues early can lead to harms escalating over time, resulting in more severe and far-reaching consequences. Beyond increasing risks of harm to people and the environment, this can ultimately increase reputational, financial, and legal risks to the company itself.

The Commission itself recognizes that:

A strict limitation to tier 1 would have a detrimental effect on the effectiveness of due diligence since the main risks to human rights and the environment most often occur farther upstream (and downstream) in the value chain (for instance upstream at the stage of raw material sourcing or at initial manufacturing stages, or downstream at the transport stage). Such limitation would also significantly reduce the positive impacts on resilience, competitive advantages from better value chain engagement, addressing real

³ [Commission Staff Working document accompanying the Omnibus Proposal](#), p. 35. See [Omnibus Proposal](#), Art. 4(4).

⁴ E.g., the [UNGPs](#) recognize that where business enterprises have large numbers of entities in their value chains, it may be unreasonably difficult to conduct due diligence for adverse human rights impacts across them all. In such cases, business enterprises “should identify general areas where the risk of adverse human rights impacts is most significant, whether due to certain suppliers’ or clients’ operating context, the particular operations, products or services involved, or other relevant considerations, and prioritize these for human rights due diligence.”

*impacts, reducing reputational risks, achieving synergies and efficiencies in the value chain through human rights and environment-friendly production processes and investments.*⁵

Yet, the Commission proposes that companies conduct in-depth assessments into the operations of business partners beyond the first tier only once a company “*has plausible information that suggests adverse impacts at [that] level... have arisen or may arise.*” Essentially, this would convert human rights due diligence into a mostly reactive process in relation to impacts beyond tier one, and means companies are no longer in the driving seat when it comes to their due diligence process. In fact, such an approach could disincentivize companies from understanding the extent of risks with which they are involved, as if they do not have “*plausible information,*” they would not be required to act.

Such a shift would depart from the logic of the UNGPs, which sets out a [proactive, risk-based approach to human rights due diligence](#). **If the CSDDD shifts to a reactive approach to due diligence, the likely consequence would be that companies would be addressing impacts beyond tier one only when it is too late – after impacts have already occurred. Not only would this lead to worse human rights outcomes, but it would also expose companies to increased risk of legal liability.**

B. A flawed approach to simplification

Beyond departing from the UNGPs, the Omnibus Proposal approach to the identification and assessment of adverse impacts beyond tier one seemingly undercuts the stated objectives of simplification and burden reduction for business enterprises.

As noted above, under international standards, business enterprises are expected to look across their operations and value chains to assess risks, and then direct resources to human rights due diligence efforts based on severity, rather than on where in the value chain they arise. The CSDDD as adopted largely aligns with this approach.

According to the CSDDD and Omnibus Proposal, companies in scope would, consistent with international standards, need to do a mapping to identify general areas where adverse impacts are most likely to occur and to be most severe, without distinction as to where to look. However, the Omnibus Proposal introduces a complex assessment system afterwards. Companies would be required to (i) direct resources to in-depth assessments of *direct* business partners in certain cases, and (ii) separately direct resources to assess *any* adverse impacts (regardless of likelihood or severity) of indirect business partners *as and when* there is “*plausible information*” that such impacts have arisen or may arise. Further, such companies “*shall always carry out such an assessment*” where a business partner is considered indirect due to an “*artificial arrangement.*”

Such an approach would likely be more burdensome for companies that need to undertake this step, as it seems to require companies to have a more complicated process to assess a broader range of potential impacts. Bifurcating due diligence processes to focus only on tier one at the outset and other possible risks later would itself be complex and inefficient. The simpler approach would be to keep a broader scope to initial assessments and allow companies to get ahead of potential risks rather than address them after costs have already been incurred. The Omnibus Proposal adds further complexities as it would require companies to make legal determinations about whether information is “*plausible*”. Additionally, companies could potentially be flooded by alleged plausible information that they will need to assess.

⁵ [Commission Staff Working document accompanying the Omnibus Proposal](#), p. 35.

C. Adverse impacts of shifting responsibility

The corporate responsibility to respect human rights is a global standard of expected conduct for all business enterprises wherever they operate. Such responsibility exists independently of the ability and/or willingness of others to fulfil their own human rights responsibilities. Yet the Omnibus Proposal effectively seeks to shift the burden of identifying and assessing certain impacts from businesses to other actors, such as civil society organizations and trade unions, who will need to present “*plausible information*” of impacts beyond tier one to trigger action.

Such an approach risks creating a fundamentally inequitable situation in which individuals living and working in areas with well-resourced and independent trade unions and civil society organizations enjoy greater protection from business-related human rights harms than those in regions lacking such support. Moreover, some of the most acute upstream human rights risks for companies will occur in jurisdictions where government repression restricts the activities of independent civil society and trade unions – meaning that the availability of “*plausible information*” related to impacts beyond tier one will often be weakest in precisely the contexts where potential human rights impacts are the gravest. This could be exacerbated by the limitations proposed in the omnibus package concerning meaningful engagement with stakeholders, as well as the prohibition on seeking to obtain information from direct business partners with fewer than 500 employees.

2. Civil liability

If adopted, the Omnibus Proposal would “*remove the specific, EU-wide liability regime as set out in Article 29(1) CSDDD as well as the requirement for Member States to allow for victims to be represented by civil society associations before courts.*”⁶ **OHCHR has long called for greater clarity in legal regimes regarding the principles for assessing the liability of business actors**, including in relation to human rights due diligence, **as well as easier access to mechanisms by those seeking remedy.**⁷

Meaningful accountability measures, [including both civil liability and administrative supervision](#), are essential if the CSDDD is to be effective in ensuring access to remedy. OHCHR understands the challenges in devising a cause of action for civil liability that is readily implementable in all EU jurisdictions and recognizes the potential benefits in allowing Member States to construct their own domestic liability regimes drawing from well-established domestic legal tests and concepts.

However, **simply removing the liability regime in Article 29(1) fails to realize these benefits and could exacerbate the risk of legal fragmentation and confusion.** This would heighten legal uncertainties and confusion for both companies and other interested parties in the medium to longer term, particularly if courts and regulators in different Member States started to take divergent approaches to specific companies, sectors, and problems. It would be preferable to have an approach to civil liability that provides a positive, harmonized instruction to Member States regarding civil liability, along with the circumstances under which liability should be established for breaches of the CSDDD.

⁶ [Commission Staff Working document accompanying the Omnibus Proposal](#), p. 39.

⁷ Through its [Accountability and Remedy Project](#), OHCHR has documented the challenges faced by those seeking remedy for business-related human rights harms and has provided evidence-based recommendations for enhancing accountability and access to remedy. See [Access to Remedy in Cases of Business-Related Human Rights Abuse: A Practical Guide for State-Based Judicial Mechanisms](#); [A/HRC/38/20/Add.2](#).

The proposed deletions of Article 29(7), regarding the overriding normative force of the CSDDD, and of Article 29(3)(d), regarding third party representation, should also be rejected, as they raise [unhelpful barriers to remedy](#) without any clear benefits.⁸

3. Conclusions

The aim of simplification underpinning the Omnibus Proposal is understandable, and some adjustments in the CSDDD may indeed be warranted. However, **OHCHR shares the concerns expressed by many stakeholders regarding the effectiveness of the proposed changes in achieving the stated aims and the alignment of such proposals with relevant international human rights standards.**

OHCHR is concerned with other parts of the Omnibus Proposal, for instance as regards stakeholder engagement and the timeframe for monitoring the effectiveness of due diligence measures, but the areas explained above illustrate the serious damage the Omnibus Proposal, if adopted, could bring to the CSDDD.

To the extent that changes are made to the CSDDD, OHCHR urges EU institutions to ensure that such changes do not jeopardize its alignment with international standards on responsible business conduct, notably the UNGPs. In particular, the EU should be careful to avoid creating blind spots where human rights abuses could go undetected and unaddressed, weakening protections for those impacted by business activities, punishing early company adopters, and inadvertently increasing the complexity and burden for companies. The approach of the Omnibus Proposal would undermine the impact of this important directive and could set precedents that would damage global efforts to introduce effective mandatory human rights and environmental due diligence.

⁸ See [Commission Staff Working document accompanying the Omnibus Proposal](#), p. 40 (acknowledging it is “difficult to estimate the ... impact” of removing each provision).