

Newsletter



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The Revised Scope of the EU Corporate Sustainability Due Diligence Directive (CSDDD)

The European Union's Corporate Sustainability **Due Diligence Directive (CSDDD)** is expected to be revised following the December 2025 provisional political agreement between the European Parliament and the Council under the Omnibus I package. Subject to formal adoption and publication in the Official Journal, the revisions would narrow the Directive's scope and defer certain compliance deadlines, while maintaining core due diligence obligations for companies remaining in scope.



Regulatory Background

Originally proposed in 2022, the CSDDD prompted debate over administrative burden, particularly for mid-sized companies, but the December 2025 Omnibus I provisional agreement significantly narrows its scope to the largest firms only.

Following the December 2025 Omnibus I provisional agreement between the European Parliament and the Council, the Directive's scope has been substantially narrowed. It will apply to EU companies with more than 5,000 employees and net turnover exceeding €1.5 billion, and to non-EU companies meeting the same turnover threshold within the EU.

Substantive Requirements

While the scope is narrower, the core due diligence architecture remains risk-based and value-chain oriented, requiring companies to integrate due diligence into policies and risk management



and to prioritise areas where adverse impacts are most likely. The Omnibus I revisions remove the obligation to adopt a climate transition plan.

Enforcement and Legal Implications

Enforcement remains anchored in public supervision by national authorities and liability mechanisms under national law; the Omnibus I agreement removes an EU-harmonised liability regime. Administrative fines are expected to be capped at 3% of net worldwide turnover.

While supply-chain ‘trickle-down’ effects remain, the revised framework emphasises a risk-based approach and aims to prevent disproportionate information requests to smaller business partners.

Strategic Considerations for Companies

While the revised CSDDD and Omnibus I reduce short-term regulatory pressure, their long-term strategic impact remains significant. Member States must transpose the Directive by 26 July 2028, with company compliance required from July 2029.

At the same time, investor expectations, voluntary standards and supply-chain demands continue to drive sustainability practices, meaning that both in-scope and out-of-scope companies, particularly those involved in cross-border operations or M&A, should assess the impact on deal structuring, supply-chain resilience and ESG risk management.



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