

Defending the CSDDD: Ireland's role in protecting the EU Corporate Sustainability Due Diligence Law, April 2025



In today's global economy, major corporations can often escape accountability for serious human rights violations and environmental disasters. Tragically, progress toward meaningful regulation of corporate power has often been triggered by shocking breaches of human rights, large-scale environmental damage and the needless loss of life: from the devastation of oil extraction and pollution in the Niger Delta in the 1990s, to the deaths of over 1,000 garment workers in the 2013 Rana Plaza Disaster, to the collapse of the Brumadinho Dam in Brazil in 2019. Complex supply chains and opaque corporate structures make it difficult to hold companies responsible, even as they continue to profit from harmful practices worldwide. The clear injustice of this situation, bolstered by calls from affected communities and civil society, produced a growing consensus on the need for new, binding laws to hold corporate actors accountable for harms caused in their global operations.

After two years of intense negotiations, the EU's flagship corporate accountability proposal, the **Corporate Sustainability Due Diligence Directive (CSDDD)**, was finally approved by EU member states in May 2024. Aimed at preventing and addressing human rights and environmental abuses in the global activities and supply chains of powerful, multinational companies, it officially entered into force in July 2024 and all EU countries, including Ireland, were given an initial deadline of July 2026 to incorporate the CSDDD into national law.¹ However, a significant reversal by the European Commission in its *Omnibus I* proposal is now threatening to undermine the CSDDD after it has already been approved by EU Member States, and it's essential that the Irish Government and elected representatives take action to oppose this backward step.

The Irish Coalition for Business and Human Rights (ICBHR) and our members, who have seen first-hand the serious impacts that hugely powerful and often irresponsible companies can have on people and planet, worked closely on the CSDDD over a number of years. While the CSDDD has significant shortcomings – with its application limited to only the very largest companies (just 0.05% of those in the EU Single Market); services (including financial services) largely excluded from the key duties; and significant barriers to victims in third countries accessing meaningful justice, it marks a significant milestone. Its passing represents a shift away from a reliance on voluntary standards which have proved to be ineffective, to introducing new, legally-binding rules for how companies should do business.

Building on key guidelines agreed at UN and OECD level, it establishes a legal obligation on large multinational companies to carry out so-called risk based “due diligence” checks for human rights and environmental abuses. This applies to their “chain of activities”, which includes both their own operations and those of business partners in their global value chains. While many leading businesses conduct due diligence, this crucial step would make it harder for irresponsible companies to wash their hands of cases of labour exploitation, abuses of human rights, land grabs and pollution connected to their activities around the world.

¹ European Coalition for Corporate Justice, (ECCJ), [“A game changer with loopholes: EU finally adopts landmark Corporate Due Diligence law”](#).

However, despite having undergone the full EU legislative process, including years of consultations, and significant support from the public, NGOs, and businesses, the CSDDD is at serious risk of being undone. On 26 February 2025, the European Commission unveiled *Omnibus I*, a sweeping package of deregulatory legislation, which would pick apart key corporate sustainability laws, including the 2024 CSDDD and the 2022 Corporate Sustainability Reporting Directive (CSRD) and effectively undermine the EU's flagship climate transition strategy, the 2019 European Green Deal.²

Under the guise of reducing red tape and easing the administrative and reporting burdens on business, the Omnibus proposal actually goes much further, threatening to dismantle vital protections that safeguard the basic rights of workers and vulnerable communities, both here in Ireland and around the world. By gutting core provisions of the CSDDD, it could effectively render the law redundant in holding companies to account for corporate harm. For these reasons, the European Coalition for Corporate Justice (ECCJ), the largest civil society network devoted to corporate accountability, gathering more than 480 NGOs, trade unions and academic institutions throughout Europe, has characterised the Omnibus as a case of “full-scale deregulation”.³

The Omnibus package was shaped through an opaque, undemocratic process that sidelined the voices of civil society and was in direct violation of the European Commission's own ‘Better Regulation’ principles, which set out requirements for a transparent, evidence-based and inclusive policy and law-making process under EU law.⁴

The Irish Coalition for Business and Human Rights is deeply concerned by the European Commission's efforts to undermine corporate accountability and reverse years of progress towards preventing business from harming people and planet, and rendering those who do accountable. Robust human rights and environmental standards aren't anti-business or anti-jobs. They are the bedrock of a fair economy that puts people and planet before profit.

Crucially, EU Member States and MEPs will now have the opportunity to assess and amend the Omnibus Package as it proceeds through the EU law making process. It is essential that Ireland, having strongly supported the CSDDD just a few months ago, rejects this shocking and regressive U-turn. Ireland must urgently demonstrate its commitment to human rights and corporate accountability by ensuring that the CSDDD is not weakened and is transposed swiftly and effectively into national law before the updated July 2027 deadline.

This briefing paper sets out some of the key provisions of the CSDDD and how the changes proposed in the Omnibus could significantly undermine the effectiveness of the law. It also presents recommendations for the Irish Government, MEPs, TDs and Senators to ensure that critical human rights and environmental protections are not weakened or removed entirely during ongoing Omnibus negotiations.

² European Commission, “[Commission proposes to cut red tape and simplify business environment](#)”.

³ European Coalition for Corporate Justice (ECCJ), “[A Game Changer with Loopholes: EU Finally Adopts Landmark Corporate Due Diligence Law](#)”.

⁴ European Commission, “[Better Regulation](#)”.

Which companies will be covered by the law?

As passed, the CSDDD will apply only to very large companies that are EU-based or have operations in the EU, with more than 1000 employees, and a net worldwide turnover of more than €450 million.⁵ EU companies that do not reach these thresholds but are the ultimate parent company of a company group that reaches more than 1,000 employees and a net worldwide turnover of more than €450 million in the last financial year will also be covered.

Last minute political manoeuvres from certain EU Member States in the final stages of negotiations in 2024 resulted in the total number of companies covered by the Directive decreasing dramatically from around 16,000 to under 5,550.⁶ This was a hugely disappointing and regressive step. Moreover, certain high-risk sectors which were included in the original CSDDD proposal are no longer identified in the Directive.⁷ Approximately 76 Irish company groups will be covered by the Directive as passed.⁸

Intense lobbying from large financial institutions also resulted in the financial sector getting a special exemption from important obligations. While banks and investors *will* be required to carry out due diligence, they will not be under any obligation to conduct due diligence on the ‘downstream’ part of the value chain – i.e. where they loan their money or make their investments. This effectively means that banks would not be penalised for failing to conduct due diligence on financing that funds harmful activities in the fossil fuel, mining and agribusiness industries, which have a disproportionate impact on marginalised groups.

Small and medium enterprises (SMEs) are also not directly included within the scope of the Directive, but may be indirectly affected as business partners to the larger companies which are included. The Directive sets out requirements for Member States and the Commission to provide for financial and administrative supports for such companies.

Recommendation: Having already been greatly reduced in negotiations in 2024 the Omnibus proposal does not currently seek to further limit the number of companies that will be covered under the CSDDD. It is essential that Ireland stands firmly against any efforts to further reduce the company scope in the ongoing negotiations at EU level.

What will the law require companies to do?

The key significance of the CSDDD is that it introduces, for the first time, a binding transnational human rights and environmental ‘due diligence’ obligation on companies operating in the EU, which builds on key standards agreed at UN and OECD level.⁹ In-scope companies would be required to carry out detailed risk based due diligence checks to assess the likelihood or existence of human rights abuses and environmental harms occurring in their global value chains, and take steps to address them where they occur.

The due diligence duty mandates a risk-based approach and sets out a series of steps companies must actively take to identify, prevent, address, and bring harms to an end once they have occurred.¹⁰ Companies must take “appropriate measures” which include, but are not limited to, changing the

⁵ CSDDD, Article 2(1)

⁶ European Coalition for Corporate Justice, (ECCJ), [‘CSDDD endorsement brings us 0.05% closer to corporate justice’](#)

⁷ Including the textiles, forestry, fishing, agricultural, and extractives industries.

⁸ The Centre for Research on Multinational Corporations (SOMO), [“CSDDD Datahub”](#). Calculations are made based on publicly available data and come with attached methodological limitations.

⁹ Such as the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

¹⁰ Articles 7-12, 15 and 16; for further detail see: European Coalition for Corporate Justice (ECCJ), [“Transposition Guide for the Corporate Sustainability Due Diligence Directive \(CSDDD\)”](#).

company business plan, developing corrective action plans, exerting leverage over other entities in their value chains where possible, working with suppliers to ensure that financial compensation is provided to workers or communities affected by harm which could reasonably have been prevented, and suspending business relationships with irresponsible business partners under certain circumstances.

Both the existing non-binding UN *Guiding Principles on Business and Human Rights* and the OECD *Guidelines for Multinational Enterprises* set down standards for companies to carry out risk based due diligence depending on where negative impacts are most likely to occur and to be severe. Due diligence is proportional to their size, activities, context and the severity of the potential negative impacts and must take into account the whole value chain. This includes both ‘upstream’ activities, such as the production of goods and services by a supplier – for example, a mobile phone producer sourcing batteries from another company – as well as ‘downstream’ activities, such as the actual end use of their product or service.

The CSDDD is already significantly more limited in what it covers, covering all upstream activities but only requiring downstream checks on transport, distribution and storage. Companies would not be required to carry out checks on disposal, dismantling and recycling, composting and landfilling, or the end use of their product. For example, a company that provides surveillance technology would not be under any requirement to conduct an assessment of how such technologies may be used for unlawful purposes by an authoritarian regime or group.¹¹

However, the Omnibus seeks to significantly weaken the CSDDD’s already limited due diligence obligations. It would only require companies to conduct due diligence checks on their direct business partners. They wouldn’t need to investigate deeper parts of their supply chains unless ‘plausible information’ – such as a complaint or an NGO report – comes to light. This limited approach undermines the basic principle of making regular, thorough human rights checks an important part of doing business. It overlooks the fact that the most severe and likely risks often occur much deeper in the chain of activities, risks backfiring by increasing the burden for SMEs,¹² and unfairly shifts the burden of uncovering negative impacts onto third parties like NGOs, unions and affected communities.

Recommendation: Existing international standards, set at UN and OECD level, require risk based due diligence to be conducted on all business partners throughout the entire value chain. This approach should be maintained to ensure that all potential harms that occur within company supply chains are identified and assessed.

Ensuring effective enforcement and access to justice

One of the most significant elements envisioned in the CSDDD is that it would be implemented using both public enforcement as well as by introducing an EU wide civil liability regime. EU Member States would be required to set up supervisory authorities to monitor compliance with the law, which would have investigative powers, the ability to order companies to cease an activity that is causing harm, and the capacity to impose penalties for non-compliance.

EU Member States would also be required to ensure that companies could be held accountable in the courts for the failure to meet their due diligence obligations. This is needed as there is currently no

¹¹ Joseph Wilde-Ramsing, Katharine Booth, and Omid Shams, “[Urgent need for EU legislative action to keep European surveillance tech out of Iran](#)”, SOMO.

¹² This can be learned from the experience with the German Supply Chain Act, which similarly requires companies to focus on their direct business partners and has led to a surge in information requests directed at EU-based SMEs, even when their involvement in high-risk activities is limited.

effective access to remedy for impacts of business activities on people and planet. Individuals and communities would be able to take cases in Irish or other EU courts. They could seek injunctive measures that would allow courts to order companies to stop an ongoing harmful activity, and victims of corporate harm would be entitled to financial compensation where a company intentionally or negligently failed to meet its due diligence obligations. Ensuring fair and effective access to justice for impacted communities in EU courts is essential to ensure that remedy is provided and address corporate impunity.

However, due to intense lobbying from particular business interests,¹³ the Omnibus proposes removing the EU-wide civil liability regime from the CSDDD. This would leave it to the discretion of individual Member States to decide whether or not to introduce civil liability rules for CSDDD-related cases, leading to a fragmentation of the legal landscape within the EU and reintroducing the very legal uncertainty the CSDDD was designed to resolve.

The Omnibus also threatens to undermine much needed supports to enable access to justice which are in the CSDDD. Notably, it seeks to remove the obligation for Member States to ensure that organisations, trade unions or community groups can assist victims in bringing court cases. The inclusion of representative actions in the CSDDD was specifically intended to improve access to justice – both by enabling victims to share legal costs and by enhancing judicial efficiency through the streamlined handling of collective lawsuits. Removing this provision significantly risks impairing victims' ability to seek legal remedies for abuse.

The Omnibus also proposes removing the so-called 'overriding mandatory provision'. This would mean that, in cases brought under the CSDDD involving harm occurring outside the EU, the applicable law in an EU Member State would be that of the country where the harm occurred (i.e., foreign law), rather than national law, as is currently required under the CSDDD. This would drastically increase the complexity, uncertainty, and costs of legal proceedings for victims involved. It would also undermine the very purpose of adopting EU-wide mandatory due diligence rules, since allowing the application of foreign legislation on the matter would defeat the objective of creating a common, enforceable standard within the EU.

Recommendation: To ensure effective access to remedy for victims and uphold legal certainty, the EU-wide civil liability regime should be maintained in the CSDDD. This includes preserving the right to third-party representation and the application of the overriding mandatory provision, in line with the existing international standards.

Protecting inclusive stakeholder engagement

As it currently stands, the CSDDD contains a standalone article on stakeholder engagement, requiring in-scope companies to meaningfully engage with stakeholders at key stages of the due diligence process and set up complaint mechanisms that are “accessible, predictable and transparent”, removing barriers that could exist for marginalised groups.

However, the changes proposed by the Omnibus would curtail stakeholder engagement by reducing the stages at which stakeholders are to be consulted, limiting the definition of 'stakeholders' to workers and communities 'directly' affected by corporate harm, only requiring companies to only engage with 'relevant' stakeholders.

¹³ Reclaim Finance, “[Analysis of Omnibus Final Proposal: Content and Link to Lobbying](#)”.

By limiting the definition of stakeholders to those ‘directly’ affected, the Omnibus would unfairly exclude individuals who are only indirectly affected by a company’s activities, for example, family members who suffer because the main breadwinner is no longer able to work due to a workplace accident. It also effectively leaves it to the discretion of the company to determine whether individual stakeholders are ‘relevant’ to engage with, which would likely result in the failure to identify risks and leave many workers and communities with no voice or representation.

Recommendation: To strengthen stakeholder engagement and build more resilient value chains by preventing human rights and environmental risks, the proposed Omnibus amendments should be rejected in favour of preserving the original, stronger provisions.

Upholding climate accountability

In its current state, the CSDDD would require large companies to adopt and put into effect a climate transition plan in line with the 1.5-degree target of the Paris Agreement and the EU objective of achieving climate neutrality by 2050.

The Omnibus proposes removing the obligation for companies to “put into effect” the transition plan, instead qualifying that companies should adopt a transition plan that includes “implementing actions”. The lack of a clear obligation to actually implement climate transition plans risks rendering them toothless. The largest polluters in the private sector would lack incentives to align their practices to the objectives of the Paris Agreement, which would deeply hurt the environment, in a time of climate emergency, 2024 being the “first year to exceed 1.5°C above pre-industrial level”.¹⁴

The lack of a clear implementation obligation would also undermine the Commission's own climate objectives and deprive the EU and its Member States of a key tool for achieving their GHG emission reduction targets.¹⁵ As the EU is already falling behind on its Paris Agreement Nationally Determined Contributions, a step back from obligations to curb corporate emissions would mean that the goal of 55% reduction of carbon emissions by 2030 will likely remain out of reach.

Recommendation: The Omnibus amendments that undermine the obligation to implement climate transition plans must be firmly rejected. To ensure corporate accountability and align with the Paris Agreement and the EU’s 2050 climate neutrality goal, the CSDDD must retain the original behavioural requirement for large companies to *adopt and put into effect* climate transition plans.

What happens next?

Member States and MEPs now have the chance to review and amend the Omnibus as it moves through the EU legislative process. Ireland, having strongly supported and voted for CSDDD just a few short months ago, must urgently reaffirm its commitment to protecting human rights and the environment by resisting any weakening of the law and ensuring its prompt transposition by the revised July 2027 deadline.

Over the course of the past two years the Irish government has voiced its support for stronger provisions in key areas of the CSDDD, including expressing support for a greater number of companies to be

¹⁴ Copernicus Climate Change Service (C3S), [Global Climate Highlights 2024, European Centre for Medium-Range Weather Forecasts \(ECMWF\)](#).

¹⁵ See, “[Climate Action Tracker](#)”.

covered under the scope of the law.¹⁶ This was important and welcome support that must be reinforced during upcoming EU level negotiations.

It is essential that Irish elected representatives and officials work to actively prevent the Corporate Sustainability Due Diligence Directive from being watered down and ensure that the final text aligns with existing international standards.

Recommended actions:

- **Elected representatives** should reject the false assertion that the Omnibus proposal simply seeks to reduce red tape and ease administrative burdens, when it actually goes much further. It threatens to dismantle vital protections that safeguard the basic rights of workers and vulnerable communities, both in Ireland and around the world. Robust human rights and environmental standards aren't anti-business or anti-jobs – they are the bedrock of a fair economy that puts people and planet before narrow private interests and profit.
- **The Minister for Enterprise, Tourism and Employment** should develop and share a clear, public position reasserting Ireland's support for the Corporate Sustainability Due Diligence Directive and addressing the recommendations outlined above.
- **The Department of Enterprise, Trade, and Employment** should develop a transparent public consultation process to facilitate stakeholder feedback on the Omnibus Package and to ensure meaningful engagement with civil society, trade unions, human rights defenders and affected communities throughout the EU negotiation process on the CSDDD.
- **The Irish Government** should actively contribute to strengthening and advancing the Corporate Sustainability Due Diligence Directive during EU negotiations, in line with existing international standards and the recommendations outlined above.
- **The Joint Oireachtas Committees** on Enterprise, Trade and Employment, EU Affairs, Justice, Foreign Affairs, Environment and Climate Action should conduct hearings and carry out full legislative reviews of the Omnibus Package to ensure parliamentary oversight of the process and progress cross-departmental collaboration.
- **Irish MEPs** should play a proactive role in advocating for and reinforcing the importance of the CSDDD, particularly within relevant European Parliament committees and during plenary votes.

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¹⁶ Dáil Éireann, [Parliamentary Question No. 49](#), 24 April 2024.