

ENNHRI Statement on the Omnibus I Proposal to inform Trilogue Negotiations

November 2025

Introduction and Overview Recommendations

The European Network of National Human Rights Institutions (ENNHRI) represents over 50 National Human Rights Institutions (NHRIs) across Europe.

ENNHRI, through its [Business and Human Rights Working Group](#), has been active throughout the CSDDD negotiation process (through public statements in [March 2022](#), in [April 2023](#), in [October 2023](#), and in [June 2024](#)), advocating for strong human rights protection and alignment with authoritative international business and human rights standards, including the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines). At the national level, ENNHRI's members engage actively with their national governments and their Members of the European Parliament, as well as participate in formal consultation processes.

In [March 2025](#), ENNHRI expressed concern with the European Commission's "Omnibus I" proposal (the Omnibus proposal) to amend the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), adopted by the European Commission on 26 February 2025 (the Omnibus). To inform the coming trilogue negotiations, ENNHRI makes the following recommendations:

1. Align with international standards and good practice: ENNHRI recommends that the European co-legislators make use of the trilogue negotiations to adopt an approach to due diligence that is aligned with existing international instruments and good practices by economic actors.
2. Personal scope: ENNHRI recommends that the personal scope of the CSDDD and CSRD should be as broad as possible to encourage all companies to realise their responsibility to respect human rights.
3. Risk-based approach to due diligence: ENNHRI recommends that the approach in the CSDDD should align as closely as possible with the UNGPs and OECD Guidelines to ensure

that companies implement a genuine risk-based approach as outlined in those standards. This is the most efficient way for companies to effectively identify and address impacts on people and the environment, while avoiding unnecessary administrative burdens that stem from fragmentation and duplication of processes.

4. The “SME shield” and “value chain cap”: ENNHRI recommends that the CSDDD should take a risk-based approach to due diligence, which necessarily implies access to relevant data, including the ability to request information from business partners. ENNHRI urges the co-legislators to adopt a pragmatic approach that allows for engagement with business partners, so companies can undertake risk-based due diligence in line with the UNGPs and OECD Guidelines.
5. Stakeholder engagement: ENNHRI recommends that stakeholder engagement should remain central to the due diligence process in the CSDDD and that it should maintain a broad definition of stakeholders, which includes NHRIs.
6. Civil liability: ENNHRI recommends that the original civil liability provision in the CSDDD be upheld to ensure coherent conditions of civil liability across the EU, reinstate the mandatory overriding application provision and ensure that the access to justice elements are capable of providing access to effective remedy for rightsholders.
7. Climate transition plans: ENNHRI recommends that the obligation to adopt and implement climate transition plans is preserved in the CSDDD.
8. European Sustainability Reporting Standards (ESRS) and sector standards: ENNHRI recommends that the ESRS be carried out in a way which achieves simplification without losing the overall integrity of the standards, including as it relates to social sustainability and human rights. ENNHRI recommends that the requirement to adopt sector specific standards or guidance be retained in the CSRD.

Background

On 26 February 2025, the European Commission adopted an [“Omnibus I” Proposal](#) to amend the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). On 23 June 2025, the Council of the European Union (the Council) adopted its [General Approach](#). After a first rejection of the compromise by the European Parliament’s (the Parliament) Committee on Legal Affairs in plenary on 22 October 2025, the negotiating position of the Parliament was adopted by plenary vote on 13 November 2025. The

three institutions will now commence trilogue negotiations with a view to reaching an agreement on the Omnibus by the end of 2025.

ENNHRI has welcomed the adoption of the CSDDD. Legislation at the EU level mandating companies to conduct human rights due diligence is imperative to safeguarding and protecting human rights in global value chains. By requiring companies to systematically identify and address human rights and environmental impacts of their own activities and value chains, such legislation can facilitate companies taking proactive measures to prevent, mitigate and remedy human rights abuses. It is important that the law ensures that affected rightsholders can seek remedy in cases where a company's failure to undertake effective due diligence results in harms.

ENNHRI notes that the Commission's Omnibus proposal and the negotiating positions of the Council and Parliament deviate in a number of important ways from the core international business and human rights frameworks, the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines on Responsible Business Conduct for Multinational Enterprises (OECD Guidelines), as well as from emerging good practices of European businesses in developing and implementing environmental and human rights due diligence.

These departures from existing instruments risk creating a fragmented legal landscape, resulting in legal uncertainty for businesses and a missed opportunity to fill the gaps between existing instruments in a meaningful way. This could jeopardise the instrument's ability to meaningfully address business-related human rights abuses and environmental damage in global value chains.

In this context, ENNHRI recommends that the European co-legislators make use of the trilogue negotiations to adopt an approach to due diligence that is aligned with existing international instruments and good practices by economic actors.

1. Personal scope

As ENNHRI noted in statements made in [March 2022](#), [April 2023](#) and [October 2023](#), the personal scope of the CSDDD and the CSRD should remain broad to ensure a level playing field in the EU and recognize the responsibility of all companies in respecting human rights as stipulated in the international standards of the UNGPs and the OECD Guidelines.

The CSDDD as adopted in July 2024 would have ultimately applied to EU companies with more than 1000 employees and a worldwide turnover of over 450 million euros and to non-EU companies generating over 450 million euros in turnover on the single market, following a three-

year phase-in period. According to estimates from the European Commission, this scope would apply to approximately 6000 EU companies and 900 non-EU companies.¹

This approach is already a reduction in scope from what was initially agreed following trilogue negotiations in December 2023, as well as representing a departure from the international standards of the UNGPs and the OECD Guidelines, which state that all companies have a responsibility to respect human rights, which can be exercised through the conduct of human rights due diligence that is proportionate to their size, sector, operational context, ownership and structure.

While the European Commission's Omnibus proposal did not make changes to the personal scope of CSDDD, the Council's General Approach and the European Parliament's position would significantly raise thresholds for the CSDDD to cover only the very largest EU companies with over 5000 employees and 1.5 billion euros net turnover and foreign companies generating over 1.5 billion euros in the EU.

This drastic reduction in the personal scope of the CSDDD is problematic as only a very limited number of companies in the EU would end up being covered by the instrument, with some jurisdictions having only a few to no companies in scope.² This is jeopardizing one of the CSDDD's original objectives, namely, to level the playing field for European companies that have already invested in developing human rights due diligence processes and have been pioneers in addressing adverse human rights impacts globally. This proposed reduction in the scope leaves out some large companies that have the means to address serious human rights risks.

In respect of the CSRD, the Commission's Omnibus proposal raises the threshold to 1000 employees with a net turnover of 50 million and proposes to remove listed SMEs from the scope of CSRD. This reduction in scope would reduce the number of companies originally covered by the CSRD by 80%. The Council aligns with the Commission's proposed employee threshold, but proposes a significantly higher net turnover threshold of over 450 million. The European Parliament's negotiating position further raises the threshold to 1750 employees and 450 million turnover and exempts financial holding companies and listed subsidiaries, while the Council's general approach includes a review clause to possibly extend the scope of CSRD later in 2029.

¹ European Commission, Directive on Corporate Sustainability Due Diligence Frequently asked questions, 25 July 2024, pp 6-7.

² SOMO [estimates](#) that approximately 1,000 corporate groups would end up in scope in the EU.

As ENNHRI stated in its March 2025 statement on the Omnibus I proposal, a relatively broad personal scope of the CSRD is key to achieving the sustainability objectives of the regulation. Scale of sustainability data is what enables sustainability considerations by decision makers including in the financial sector. The suggested amendments will have even fewer companies report on sustainability than was the case under the CSRD's predecessor, the Non-Financial Reporting Directive from 2014. It is critical that the scope of CSRD remains as broad as possible including to underpin the much needed sustainable finance value chain, an argument echoed by the [European Central Bank](#) and the [PRI](#). Real-economy companies also need access to accurate and quality data to effectively manage their sustainability risks and impacts.

In addition, the suggested scope reductions of the CSRD fail to consider that the European Sustainability Reporting Standards (ESRS) are undergoing significant simplifications, which should be factored in when considering which companies should be required to report. This is considered in more detail in section 7 below.

Combined with the "SME shield" and "value chain cap" (considered in more detail below in section 3) which would prevent companies from meaningfully engaging with business partners in their human rights due diligence exercise, the proposals to narrow the personal scope of these instruments risk complicating the conduct of due diligence for remaining in-scope companies by restricting access to sufficient information for companies to properly identify and address their impacts on people and the environment.

ENNHRI repeats its recommendation that the personal scope of the CSDDD and CSRD should be as broad as possible to encourage all companies to realise their responsibility to respect human rights.

2. Risk-based approach to due diligence

The substantive due diligence obligations in the CSDDD should be based on a risk-based approach to due diligence. This is core to ensuring alignment with key international standards, the UNGPs and OECD Guidelines, which ENNHRI has consistently called for.

The Commission's Omnibus proposal and the negotiating positions of the Council and Parliament each require companies to undertake a two stage process to identify what impacts they may have on people and the environment: the first stage involves a mapping or scoping exercise to identify general areas of risk; and the second stage involves an in-depth assessment in areas where risks have been identified as most likely and most severe. However, the three positions differ in their scope and features.

As noted in the [March 2025](#) ENNHRI statement, the Commission's approach in the Omnibus proposal departs from the risk-based approach by requiring companies to map their operations, those of their subsidiaries and direct and indirect business partners at the first stage, but restricts the second stage assessment to direct business partners (Tier 1) unless a company has "plausible information" that it should consider its indirect suppliers. This approach is challenging as the European Commission has itself acknowledged that *"the main risks to human rights and the environment most often occur farther upstream (and downstream) in the value chain"*.³ This has also been acknowledged by company practitioners.⁴

The Council General Approach takes an even more restrictive approach, requiring a company to confine the first stage scoping exercise to direct business partners only, before engaging in an in-depth assessment where impacts have been identified to be most likely and be most severe at the second stage. The Council's position includes a parallel process whereby a company is also required to map its indirect business partners and to carry out an in-depth assessment where it has or can be reasonably be expected to know of objective and verifiable information requiring it to consider impacts at the level of an indirect business partner.

The Parliament has adopted an approach which is more in line with the risk-based approach envisaged in the UNGPs and OECD Guidelines, in that it requires a scoping which includes both direct and indirect business partners at the first stage, and a further assessment at the second stage where the most likely and most severe impacts were identified. However, the Parliament introduces a "safe harbour" provision according to which companies would not be penalised if they do not have all necessary information to take the appropriate measures to prevent or bring an end to an impact. When considered alongside the so-called "SME shield" (see section 3 below), which would restrict the information in-scope companies can request from their smaller business partners, this provision creates a significant loophole and risks undermining the CSDDD's ability to foster proactive approaches to risk identification.

³ See the [Staff Working Document](#) (SWD) published by the European Commission alongside the Omnibus I proposal, p35.

⁴ See [Nordic companies express concerns with reframing of the Corporate Sustainability Due Diligence Directive | The Danish Institute for Human Rights](#); and [Paper-pushers or change-makers? The EU's Omnibus should not stifle companies' efforts to tackle their most severe human rights risks - Business & Human Rights Resource Centre](#)

As [a number of companies have noted](#), the changes proposed by the Commission and the Council would require companies to create parallel processes because they are still met with expectations to undertake due diligence aligned with the UNGPs and OECD Guidelines, particularly from investors and other stakeholders but also under existing and emerging regulatory developments outside the EU.⁵ Aligning as closely as possible with the UNGPs and OECD Guidelines is essential to avoid fragmentation among competing requirements arising from these developments. While the approach adopted by the Parliament introduces a number of additional restrictions on engaging with business partners which could be challenging in practice and jeopardise the effectiveness of due diligence (see section 3 below), it is more closely aligned with the risk-based approach in the UNGPs and OECD Guidelines than the Commission's and the Council's.

It is critical that the CSDDD incentivise companies to proactively look for impacts which they may have on people and the environment. The approach to risk identification outlined in the UNGPs and OECD Guidelines has been taken up by businesses for a reason: it allows for the flexibility to look for impacts where they are most severe and likely, and then allocate resources where impacts have been identified.

Encouraging companies to focus primarily on their direct business partners, where risks are widely acknowledged to be less likely to occur, and to only look further across the value chain where they receive information obliging them to do so creates artificial restrictions and complicates an otherwise well-understood process. As noted in the previous ENNHRI statement from [March 2025](#), it also shifts the burden from companies, who would be expected to know what impacts they have on human rights under the UNGPs and the CSDDD, to third parties, including NGOs, media and NHRIs, to monitor human rights impacts in the in-scope companies' chains of activities.

⁵ As at the date of publication a number of jurisdictions outside the EU are in the process of developing their own mandatory due diligence laws, including South Korea, Thailand, Indonesia and a number of countries in the LAC region. The United Kingdom and Australia are also seeing efforts to strengthen the due diligence components of their modern slavery laws. This is in addition to the various due diligence requirements across EU instruments, as described in [How do the pieces fit in the puzzle? Making sense of EU regulatory initiatives related to business and human rights](#).

ENNHRI repeats its recommendations for the approach in the CSDDD to align as closely as possible with the UNGPs and OECD Guidelines to ensure that companies implement a genuine risk-based approach as outlined in those standards. This is the most efficient means of both effectively identifying and addressing impacts on people and the environment and avoiding unnecessary burdens on business through fragmentation and duplication of processes.

3. The “SME shield” and “value chain cap”

Companies seeking to map their human rights and environmental impacts will need access to relevant data. This includes requesting information from business partners. However, the Commission’s Omnibus proposal introduces two mechanisms which would place restrictions on such information requests in the CSDDD and CSRD, respectively. In the CSDDD, the so-called “SME shield” would restrict companies from requesting information for the purpose of mapping their value chain to identify impacts from business partners with less than 500 employees, if the information request exceeds the information covered by the so-called voluntary reporting standard for SMEs (VSME) unless the information cannot be obtained by other means. In the CSRD, the so-called “value chain cap” would restrict companies from requesting information for the purpose of sustainability reporting from companies with under 1000 employees, beyond what is in the VSME.

As ENNHRI has noted in the [March 2025](#) statement, the VSME effectively reduces disclosures on social sustainability and human rights to a few metrics related to own workforce. This would hinder critical information exchanges between companies and their suppliers related to negative human rights impacts on workers in value chains, on communities and on consumers/end-users; it does not include a double materiality requirement; and it is not aligned with the UNGPs and OECD Guidelines. It is accordingly not fit for purpose to meaningfully enable a company to scope and understand impacts, or inform its own reporting.

The Council and the Parliament also include versions of the SME shield and value chain cap in their negotiating positions. The Council’s approach to the SME shield specifies that companies should only request information from direct business partners where necessary, and in respect of business partners under 1000 employees, only where information cannot reasonably be obtained by other means. In respect of the value chain cap, the Council general approach includes a right on the part of a company’s business partner of under 1000 employees to decline to provide information which exceeds that disclosed under the VSME.

The Parliament places a number of additional restrictions on companies engaging with their business partners. The SME shield is more restrictive: it prevents companies from making

information requests from business partners in relation to the first stage scoping; and it restricts companies from making information requests in relation to the further assessment at the second stage, including specifying that information requests to business partners of under 5000 employees are to be made only as a last resort and if information cannot be obtained by other means. In relation to the value chain cap, the Parliament adds another restriction that information requests cannot be made to business partners with under 1750 employees and a turnover of 450 million beyond the information disclosed in the VSME.

The Commission has indicated that the logic of the SME shield is to “limit the trickle down effect of the CSDDD in SMEs ... i.e. to reduce the indirect compliance costs of such value chain business partners”.⁶ However, what is proposed may unduly restrict companies from issuing targeted requests, and create a chilling effect on engagement with partners on human rights and environmental issues. Such engagement is needed not only to identify risks but to understand and properly design appropriate measures to address them.⁷ If the restrictions on engagement with business partners are too great, it may jeopardize the ability of a business to undertake UNGPs and OECD Guidelines aligned due diligence.

Effective risk-based due diligence does not increase bureaucratic burdens on business partners. Rather, if a risk-based approach to the scoping is done in line with the proportionate approach outlined in the UNGPs, by the time a company needs to engage with a business partner it will be able to request appropriate and targeted information, suited to the level and nature of the risk and to the size and type of business partner they were requesting information from.

ENNHRI repeats its recommendation that the CSDDD should take a risk-based approach to due diligence, which necessarily involves having access to relevant data, including making information requests of business partners. ENNHRI urges the co-legislators to adopt a pragmatic approach to allow for engagement with business partners to enable companies to undertake risk-based due diligence in line with the UNGPs.

⁶ See the [Staff Working Document](#) (SWD) published by the European Commission alongside the Omnibus I proposal, p37.

⁷ See [Nordic companies express concerns with reframing of the Corporate Sustainability Due Diligence Directive | The Danish Institute for Human Rights](#); and [Paper-pushers or change-makers? The EU's Omnibus should not stifle companies' efforts to tackle their most severe human rights risks - Business & Human Rights Resource Centre](#)

4. Stakeholder engagement

As ENNHRI noted in its [October 2023](#) and [March 2025](#) statements, it is essential that companies meaningfully engage stakeholders, especially rightsholders who might be affected, throughout the due diligence process in order to more effectively identify their impacts on human rights and design appropriate measures to address them.

The CSDDD recognises the importance of meaningful stakeholder engagement by having a broad definition of stakeholders and requiring engagement across a number of stages of due diligence.

However, the Omnibus proposal includes a more restrictive definition of stakeholder, essentially limiting engagement to stakeholders who may be directly affected by the actions of the company, its subsidiaries, or business partners. The Omnibus proposal also places limits on the stages of due diligence during which companies should engage with stakeholders, removing the requirement when taking the decision to disengage from a business relationship and when developing monitoring indicators to measure the effectiveness of due diligence. The Council and the Parliament's negotiating mandates take the same approach.

Narrowing the definition of stakeholder in this way restricts the ability of a company to properly map its risks and understand broader contextual factors which are critical to designing effective appropriate measures.

Crucially, NHRIs have been removed as a stakeholder from the definition. This is a particular concern for ENNHRI, given the [critical role of NHRIs](#) in relation to the development and implementation of a smart mix of policy and regulation on business and human rights. While the CSDDD allows for consultation with experts when stakeholder engagement is not feasible, treating NHRIs and CSOs merely as "experts" rather than stakeholders strips them of key entitlements in the CSDDD, such as the right to be meaningfully consulted, access information, and be protected from retaliation. This shift would not only hinder their proactive engagement with companies but also limit their ability to monitor corporate impacts on human rights, especially in cases where access to critical information is essential. Moreover, excluding NHRIs from the stakeholder definition risks perpetuating low awareness among companies about their mandate and relevance, whereas explicitly naming them would elevate their role and reinforce their legitimacy as human rights actors. Ultimately, this change would alter the dynamic of engagement, reducing the effectiveness of human rights due diligence and jeopardizing the implementation of the CSDDD's objectives.

The combined effect of a weak stakeholder engagement provision, a narrowed scope, the SME shield and the value chain cap would effectively make the risk identification and overall human rights due diligence process more complex for remaining in-scope companies.

ENNHRI repeats its recommendation that the CSDDD maintain the role of stakeholder engagement as central to the due diligence process, and to keep a broad definition of stakeholders, which includes NHRIs.

5. Civil liability

As ENNHRI noted in its [March 2025](#) statement, the prospects for the CSDDD to effectively address impacts on human rights hinge to a large extent on a solid enforcement regime. This includes the possibility for civil liability for harms resulting from failures to meet the due diligence requirements in the Directive.

However, the Omnibus proposal removes the obligation on the Member States to ensure that companies can be made liable for harms which occur from intentional or negligent due diligence failures. The positions of the Council and Parliament also remove this requirement. By removing this requirement, the CSDDD misses an opportunity to bring clarity in relation to the standard to which companies may be held to account for failing to meet their obligations under the laws transposing the requirements of the Directive. Removing this requirement does not remove litigation risk, rather it allows a fragmented legal landscape across the 27 Member States to endure.⁸ This undermines the ability of the instrument to create legal certainty for companies, and for rightsholders who should be able to seek legal redress through litigation.

In addition, the Omnibus and the positions of the Council and Parliament also remove the provision in the CSDDD making the civil liability and access to justice article of mandatory overriding application, which could lead to the local law of a Member State being displaced in favour of foreign law. The removal of this provision would have consequences not only in relation to the determination of the law applicable to the substantive cause of action, but also in relation to a number of access to justice elements which are considered substantive rather than procedural, including limitation periods.

⁸ See further [Access to Justice in the Corporate Sustainability Due Diligence Directive: Symposium event report](#).

As ENNHRI has [previously recommended](#), the civil liability measures must address persisting obstacles to access to justice identified by the [European Union Agency for Fundamental Rights](#) and in OHCHR's [Accountability and Remedy Project](#), including legal standing, access to information, evidence barriers, legal costs, the length of proceedings, and limitation periods.

ENNHRI repeats its recommendation to uphold the original civil liability provision to ensure coherence on the conditions of civil liability across the EU, reinstate the mandatory overriding application provision and ensure that the access to justice elements are capable of providing access to effective remedy for rightsholders.

6. Climate transition plans in the CSDDD

The CSDDD as adopted contained an obligation for companies to adopt and put into effect climate transition plans aiming to ensure that the company's strategy and business model are compatible with the 1.5 degrees limitations in line with the Paris Agreement. The climate transition plans were to be updated every 12 months and describe the progress made by the company.

The Commission's Omnibus proposal watered down the obligation by only requiring that companies adopt a plan that contained "implementing actions", rather than requiring those actions from the companies. The Council's General Approach goes further and only requires companies to adopt a plan that outlines "amongst other things" implementing actions, while mandating Supervisory Authorities to only advise on the design and implementation of the plans. The obligation to adopt the plan would also be postponed by two years. The European Parliament has deleted the obligation to develop a climate transition plan in its entirety.

ENNHRI has highlighted the interconnectedness of human rights and impacts brought by climate change, including in its latest [submission](#) to the European Commission's call for evidence on a potential omnibus on environmental legislation. As the recent [advisory opinion from the International Court of Justice](#) affirmed, States have a duty to act with due diligence, including by adopting the necessary legislative and regulatory measures to prevent and address environmental harms, including climate harm, caused by private actors under their jurisdiction. It is critical that urgent action is taken to address the existential threat of climate change. Weakening the obligations to adopt and implement climate transition plans would not be in line with the obligation to take all reasonably available measures to address this threat.

ENNHRI recommends that the obligation to adopt and effectively implement climate transition plans is preserved in the CSDDD.

7. ESRS and sector-specific standards

The European Sustainability Reporting Standards (ESRS), which companies in scope of the CSRD are required to use, are in the process of undergoing a substantial revision to reduce their length and complexity. It is important that this simplification effort still retains their integrity and ability to generate meaningful disclosures on human rights and social sustainability. ENNHRI has filed a submission to the public consultation on the revised standards and has recognized EFRAG's efforts for the amended ESRS to strike a balance between simplification and meeting the core objectives of the European Green Deal, while drawing attention to a number of key points. The current revision of the ESRS to a very large degree reduces the reporting burden on in-scope companies. Any reduction in the personal scope needs to be seen in light of this simplification.

As ENNHRI has noted in its [March 2025](#) statement, the original CSRD provided that the so-called sector agnostic ESRS would be complemented by sector-specific standards. Such standards would significantly simplify the double materiality assessment and companies' reporting related efforts pointing them to known areas of risks for their sector. The Commission's Omnibus proposal removes that requirement to prepare sectoral standards. The Council maintains the deletion but includes a recital for the European Commission to consider sectoral guidance and the Parliament proposal includes the development of voluntary sector-specific guidelines following consultation with relevant stakeholders. ENNHRI welcomes these developments from the Council and the Parliament and recommends that sector-specific reporting requirements are reinstated through standards or possibly in the form of guidance.

ENNHRI recommends that the ESRS revision be carried out in a way which achieves simplification without losing the overall integrity of the standards, including as it relates to social sustainability and human rights. ENNHRI repeats its recommendation that the requirement to adopt sector-specific standards or guidance be retained in the CSRD.