



Hochschule für  
Wirtschaft und Recht  
Berlin School of Economics and Law



## HWR Research Competence Centre CHALLENGES AND RESILIENCE OF GLOBAL SUPPLY AND VALUE CHAINS

Ein (Forschungs)projekt an der HWR Berlin.



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German Research Foundation



## HWR Research Competence Centre CHALLENGES AND RESILIENCE OF GLOBAL SUPPLY AND VALUE CHAINS



### CSDDD – Expected Effects from Omnibus I

Prof. Stefanie Lorenzen

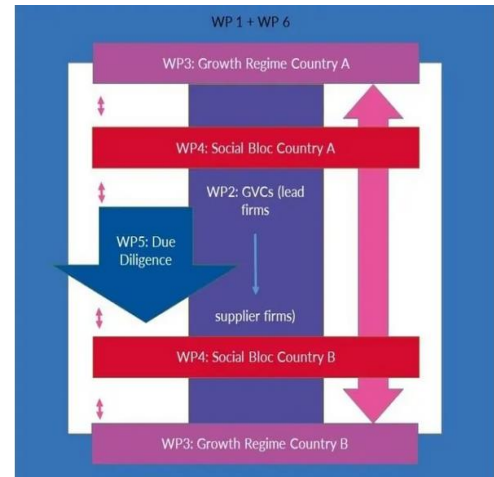
GVSC Competence Center, HWR Berlin - Annual Conference Berlin  
17 November 2025

## Current Research Project

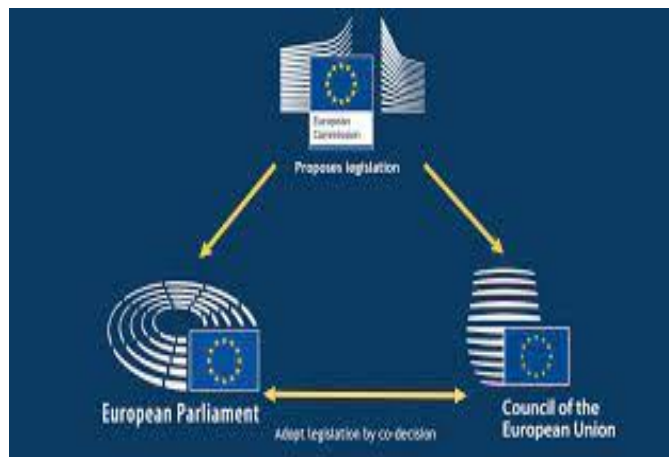


- HWR Berlin Competence Centre for Global Supply and Value Chains
- Intertwining effects of different Demand and Growth Regimes, GVC dimensions, Dominant Social Blocks and mHRDD.
- **Research Question (Legal part):**
- Does DD Legislation deliver improved working conditions with regard to
  - Implementation in consumer countries.
  - Implementation in producer countries.
- Sector Focus: Automotive, Textile
- Country Focus: Germany, Spain, India, Brazil, South Africa

Prof. Stefanie Lorenzen



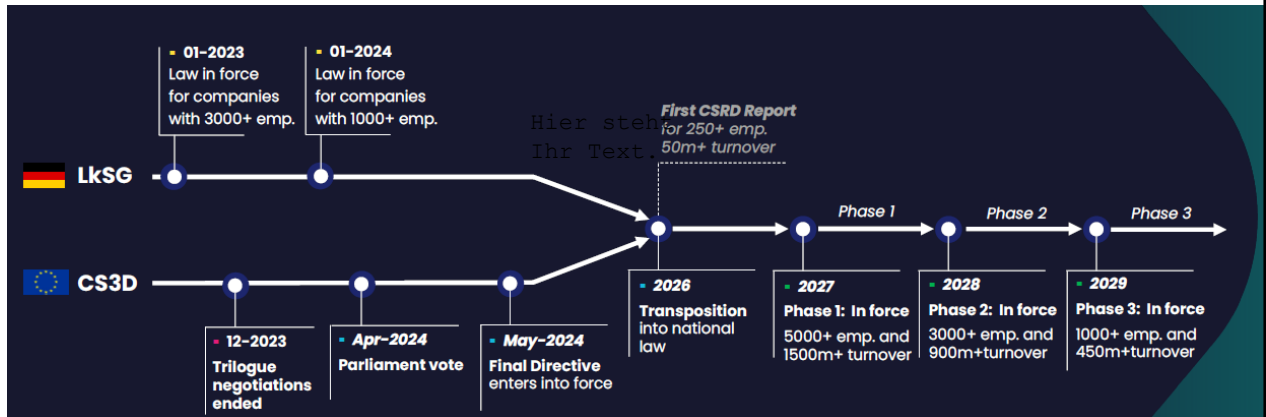
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## EU Corporate Sustainability Due Diligence Directive (CSDDD)

- Final trilogue agreement Dec. 2023
- Reopening of political process  
→ entered into force May 2024

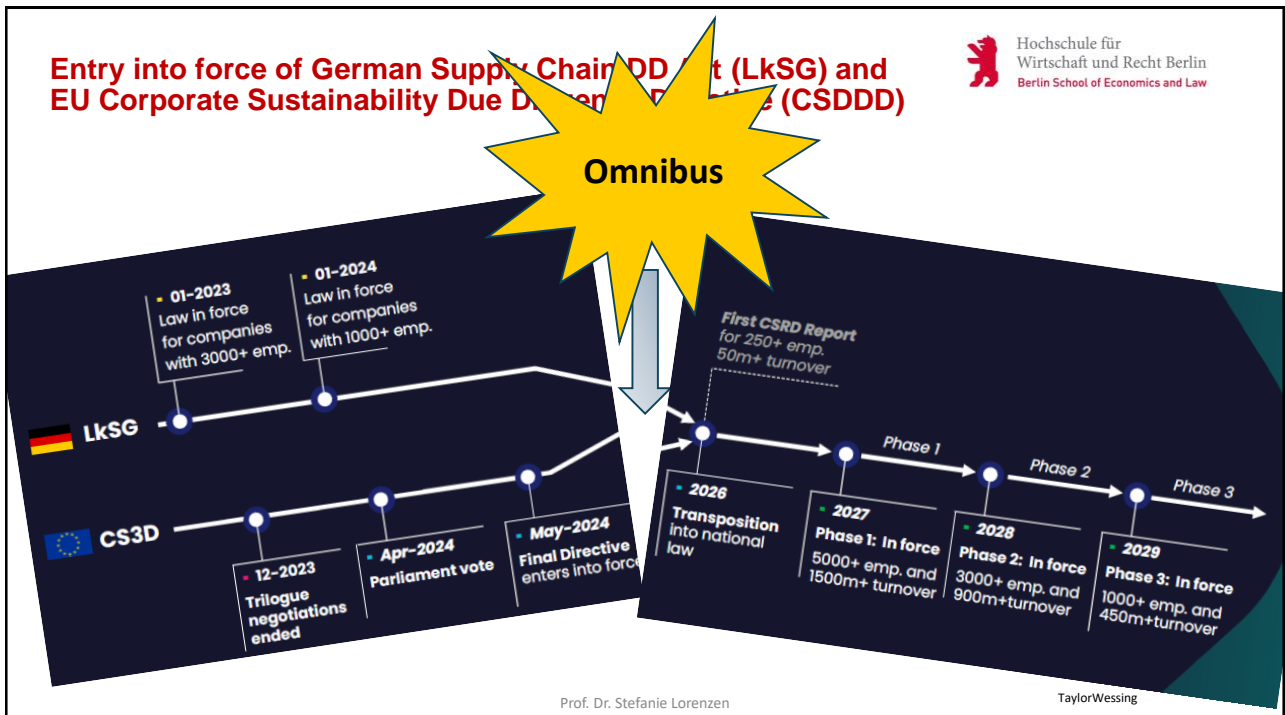
## Entry into force of German Supply Chain DD Act (LkSG) and EU Corporate Sustainability Due Diligence Directive (CSDDD)



TaylorWessing

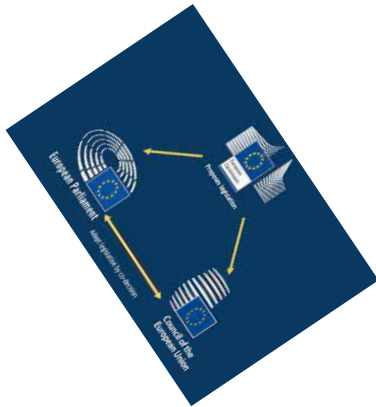
Prof. Dr. Stefanie Lorenzen

## Entry into force of German Supply Chain DD Act (LkSG) and EU Corporate Sustainability Due Diligence Directive (CSDDD)



Prof. Dr. Stefanie Lorenzen

TaylorWessing



## Omnibus I Directive COM 2025/81

- **Setting:** Geopolitical challenges, polycrisis, Draghi and Letta Reports calling to enhance EU's competitiveness
- **Aim:** Simplification, unbureaucratization.
- **Process:**
  - Jan. 2025 – BDI/Confindustria/MEF letter to COM setting out 10 adaptations to CSDDD, 8 of which make it into Omnibus I proposal in Feb.
  - No impact assessment, limited consultation
  - June 2025 – Tentative vote under Polish Presidency of the Council of the EU gets German support → General Approach
  - EP position: Warborn report June 2025 → further dismantled: JURI Committee compromise, rejected in 1<sup>st</sup> EP vote 22 Oct. 2025 ...



**Don't do it, Manfred!**





LinkedIn

## Omnibus I Directive COM 2025/81

- ...
- even further dismantled version accepted in 2<sup>nd</sup> EP vote 13 Nov. 2025,
- Majority through EPP and far right groups
- Trilogue consensus intended before end of 2025 by Danish presidency of Council.



**Personal scope – companies covered**

## Omnibus I



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### Personal Scope

European Commission	European Council, general approach	European Parliament
<b>CSRD:</b> >1,000 employees + >EUR 50 million net turnover <b>CSDDD:</b> no change in scope (1,000 employees and EUR 450 million in net turnover)	<b>CSRD:</b> > 1,000 employees + > EUR 450 million net turnover; possible future scope extension review clause <b>CSDDD:</b> > 5,000 employees + EUR 1.5 billion net turnover	<b>CSRD:</b> > 3,000 employees + > EUR 450 million net turnover <b>CSDDD:</b> > 3,000 employees + EUR 450 million net turnover

Healy, Bing et al. (2025). Towards a Balanced Omnibus Proposal, Germanwatch e.V.

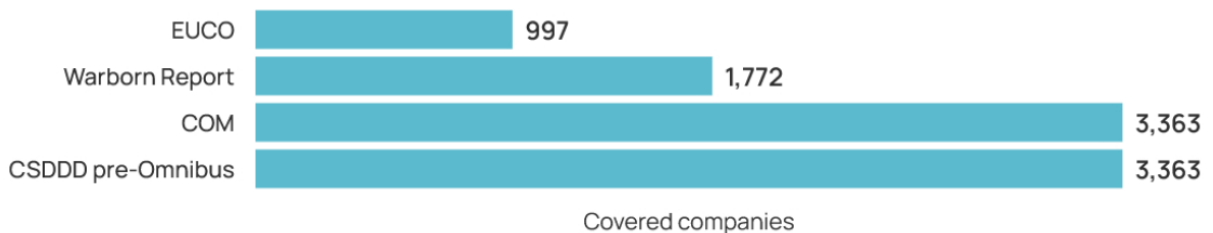
## Omnibus I



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### Personal Scope

#### CSDDD Scope Proposals

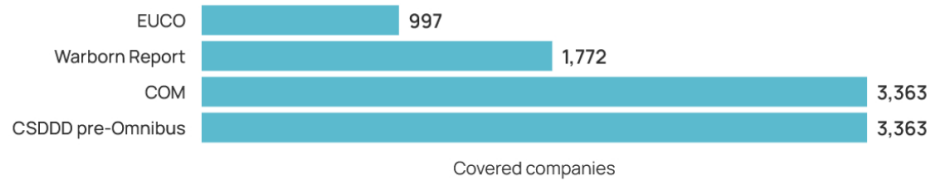


Healy, Bing et al. (2025). Towards a Balanced Omnibus Proposal, Germanwatch e.V.

## Omnibus I

### Personal Scope

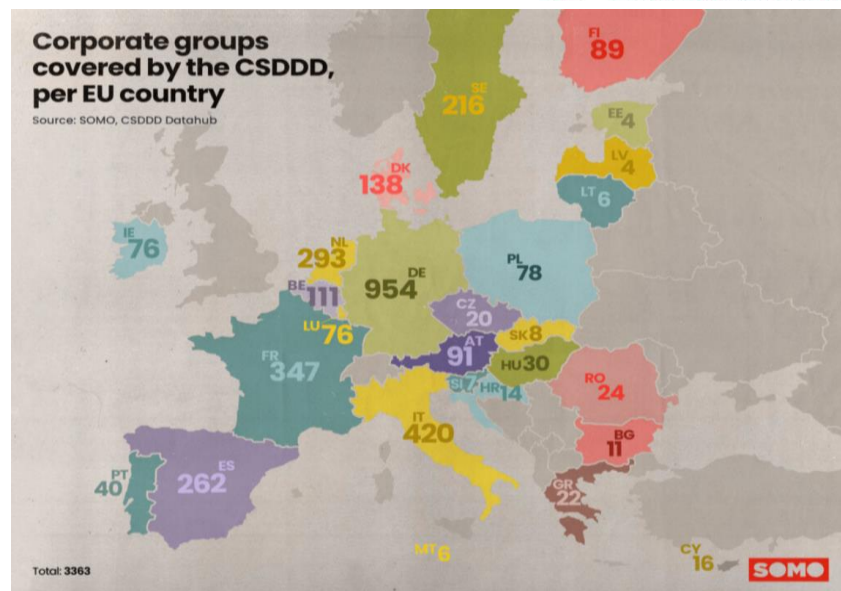
#### CSDDD Scope Proposals



## CSDDD

### Personal Scope

- ca. 3400  
company groups /  
7000 companies  
covered by  
CSDDD



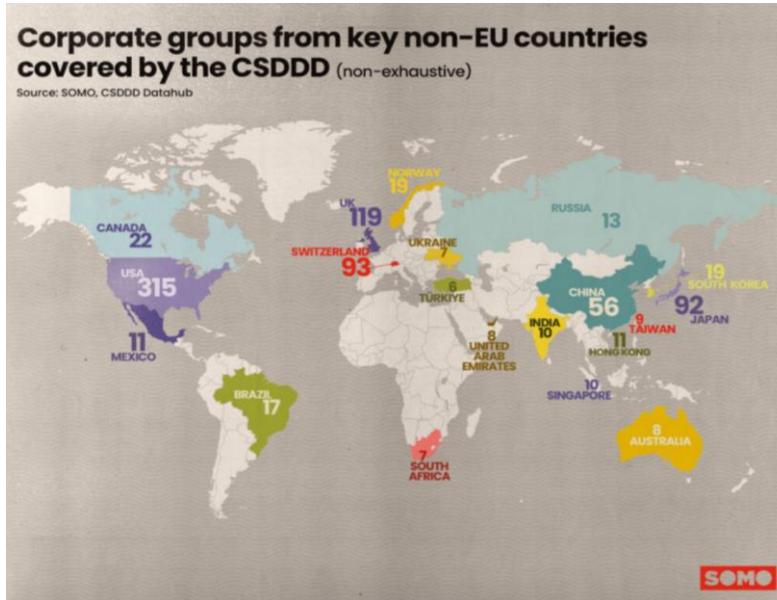
SOMO, CSDDD Datahub



## CSDDD



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## Personal Scope

- ca. 750 company groups from non-EU countries covered by CSDDD

## Omnibus I – Personal Scope

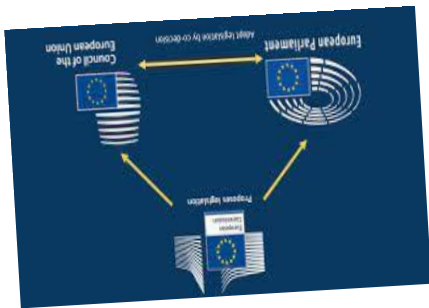


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### Possible Effects:

- Dismantled level playing field: Legislative goal taking sustainability efforts out of competition within EU jeopardized
- Countries with wider personal scopes at possible competitive disadvantage (Germany, Norway, etc.)
- Scaling effect of racing to the top by EU regulation, e.g. as with GDPR, unlikely
- Moves many affected companies from regulated coverage and supervision to intransparent „trickle-down-area“
- Fragmentation of sustainability risk management systems





## Reach of Due Diligence Obligation – *Tier 1 vs. Risk-based Approach*

### Omnibus I



### Reach of Due Diligence Obligation

European Commission	European Council, general approach	European Parliament
<p><b>CSDDD:</b> scoping &amp; in-depth assessment limited to direct business partners; in-depth assessment only if 'plausible' information available</p>	<p><b>CSDDD:</b> scoping and in-depth assessment limited to direct business partners; in-depth assessment of indirect business partners only if 'objective and verifiable information suggests adverse impacts'</p>	<p><b>CSDDD:</b> scoping and in-depth assessment only at level of direct business partners; 'further' assessment of indirect business partners only in case of 'plausible' information</p> <p>Committee on International Trade (INTA) opinion: companies should be able to prioritise assessing direct business partners, in line with severity and likelihood of adverse impacts</p>

Healy, Bing et al. (2025). Towards a Balanced Omnibus Proposal, Germanwatch e.V.

## Omnibus I - Tier 1 vs. risk-based approach

### Possible Effects:

- Tier 1 approach in LkSG proved to be a wrong incentive
  - Pressure on tier 1 suppliers (often in situated in EU)
  - Deviates resources away from tier x.
- Unclear definitions of „plausible“, „objective and verifiable“ information.

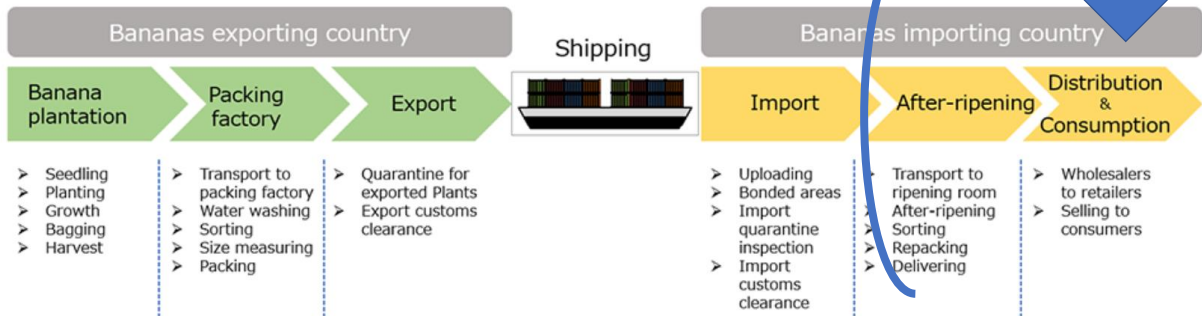


Oxfam website

Rewe,  
Edeka ??



Figure 1 Banana's supply chain

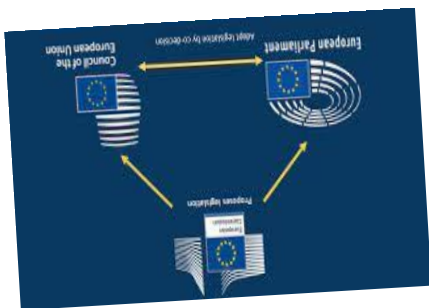


\*(Created by Nittsu Research Institute and Consulting, Inc.)

22.11.2022

Prof. Stefanie Lorenzen

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## Details of Due Diligence Obligation

## Omnibus I



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**Ending business relationships no longer required.**

### Possible Effects:

- Termination was ultima ratio rule, after stay-and-improve activities failed
- Suspension only lowers ambition level for DD measures, if possible to continue with unwilling/rogue supplier in the end.
- Single-source problems? Defined how?
- Blocking legislation in uncooperative states?

## Omnibus I



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### Stakeholder Engagement

European Commission	European Council, general approach	European Parliament
<p><b>CSDDD:</b> only 'directly' affected stakeholders, exclusion of national human rights and environmental institutions, CSOs</p> <p>Companies only required to engage with 'relevant' stakeholders, no longer required to engage in the event of suspension or termination of business relationship</p>		

Healy, Bing et al. (2025). Towards a Balanced Omnibus Proposal, Germanwatch e.V.

## Omnibus I – Stakeholder Engagement

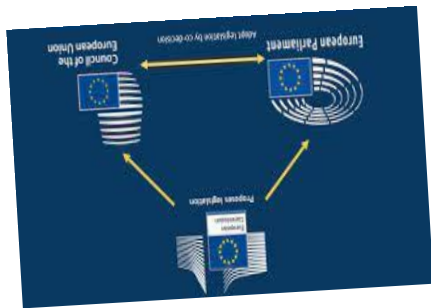
### Possible Effects:

- Exclusion of national human rights and environmental institutions.
- Terms „directly affected“, „relevant stakeholder“ are vague, with discretion to exclude inconvenient stakeholders.
- No engagement in case of suspension or termination of business relationship → any reduction of stakeholder engagement, neglects local expertise, fit-for-purpose DD, legitimacy
- Excluding certain CSOs cancels participation where engaging with rightsholders directly is not possible.



Oxfam website





## Trickle-down of Obligations from Covered Companies to Tier 1+/SMEs

### Omnibus I



### Information gathering for risk assessment

European Commission	European Council, general approach	European Parliament
<p><b>CSDDD:</b> no information requests beyond VSME to direct business partners with &lt;500 employees unless additional information is necessary and cannot be reasonably obtained otherwise</p>	<p>information requests; specifies that information outside of the value chain cap may be requested if required by other laws or a contract between two firms</p> <p><b>CSDDD:</b> no information requests to direct business partners with &lt; 1,000 employees unless additional information is necessary and cannot be reasonably obtained otherwise</p>	<p>chain' (see below for details); deletes three-year transition period for value chain information</p> <p><b>CSDDD:</b> no information requests beyond VSME to direct business partners with &lt; 3,000 employees</p>

Healy, Bing et al. (2025). Towards a Balanced Omnibus Proposal, Germanwatch e.V.

## Omnibus I - Trickle-down of obligations from covered companies to tier 1+/SMEs



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### Possible Effects:

- No DD without relevant information!
  - Restriction to VSME and very big suppliers → encourages superficial risk portfolios.
- Potential for simplification not used, e.g:
  - Obligation to name provision when asking for info
  - One-stop-shop solution: public database, companies upload info once, regulated access and use of data.
- Potential to support SME not used, e.g. prohibiting full contractual cascading of DD obligations.



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## Climate Transition Plan



## Omnibus I

### Climate Transition Plan

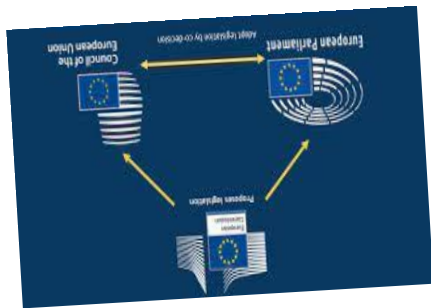
European Commission	European Council, general approach	European Parliament
<b>CSDDD:</b> obligation to adopt, deletion of 'put into effect'	<b>CSRD and CSDDD:</b> defines 'reasonable efforts' in relation to 'best industry practices' <b>CSDDD:</b> obligation to adopt with no reference to implementation	<b>CSDDD:</b> full deletion of climate transition plans

Healy, Bing et al. (2025). Towards a Balanced Omnibus Proposal, Germanwatch e.V.

## Omnibus I - Climate Transition Plan

### Possible Effects:

- Obligation to align business model with objectives of Paris Agreement and implement measures to achieve this .
  - Not a mere disclosure rule, as in other EU regulation.
  - For companies obligation of means („through best efforts“)
  - →ensures impact without overburdening companies.
- Without duty to implement plan / no plan
  - → inefficiency, fragmentation of climate measures
  - →companies exposed to climate-based risks
- Possible breach of state obligation to ensure the 'necessary regulatory and legislative measures to limit the quantity of emissions caused by private actors under its jurisdiction.' (Advisory opinion of Int. Court of Justice, 23 July 2025)



## Civil Liability

### Omnibus I



### Civil Liability

European Commission	European Council, general approach	European Parliament
<b>CSDDD:</b> no EU-wide common civil liability regime, no representative legal actions by CSOs or trade unions		

## Omnibus I – Civil Liability



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### Possible Effects:

- For rightsholders: 27 civil liability regimes: high obstacles for access to remedy claiming damages in Member States remain (standing, burden of proof, procedural hurdles),
- Increased by a removal of representative actions by trade unions or NGOs.
- For companies fragmentation of civil liability regimes:
  - Legal uncertainty, complexity if active in several Member States.
  - contradicts arguments for full-harmonisation and against „gold plating“ of Member States to ensure similar standards..



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### Pakistan factory fire victims sued German retailer KiK

#### PAKISTAN - TEXTILE INDUSTRY - KIK

Liability, not voluntary giving. This was and still is the call made by survivors and relatives of victims of the fatal fire at the Ali Enterprises textile factory in Karachi, Pakistan. The 11 September 2012 fire killed 258 people and injured 32. The German clothing retailer KiK was by its own admission the factory's main customer.

Muhammad Hanif, Muhammad Jabbar, Abdul Aziz Khan Yousuf Zai and Saeeda Khatoon – one survivor and three bereaved – therefore filed a compensation claim against KiK in March 2015 at the Regional Court in Dortmund, Germany. In January 2019, the court dismissed the lawsuit, finding that it had exceeded the statute of limitations. KiK originally agreed to waive potential statutory limitations, but later rescinded its offer. The case was thus decided on procedural grounds rather than merit. Important questions of corporate liability remain unresolved.

<https://www.ecchr.eu/en/case/kik-paying-the-price-for-clothing-production-in-south-asia/>

## Omnibus I

### Reflection:

- CSDDD is a basic module for many of the EU Green Deal sustainability laws → sound concept of due diligence should be ensured.
- More effort into coherence, interoperability, etc. of EU Sustainability Laws (Timber Regulation, Conflict Mineral Reg., Battery Reg., EUDR, EU Forced Labour Reg., etc.) instead of a compressed legislative process
- Omnibus I will likely leave CSDDD a very thin version of what it was.



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