



## Nordic Evidence for a Strong European Due Diligence Law

### *Recommendations for the Omnibus negotiations:*

- Safeguard the CSDDD's core requirements in line with internationally recognised standards, notably: risk-based approach, value chain transparency, broad scope, meaningful stakeholder engagement, civil liability to ensure better access to justice, and climate transition plans
- Ground decisions in scientific evidence and practical evidence from multiple stakeholders, including businesses, investors, and academia.
- Apply the EU's better regulation toolbox with impact assessments and broad consultations, as emphasised in the [complaint brought to the EU Ombudsman](#).
- Seek compromises in the political center to safeguard democratic stability, trust in EU decision-making, and long-term economic resilience.
- Leverage the EU's internal market attraction and legislative power to drive sustainable development, peace, and prosperity globally.

*This note for policymakers provides a collection of evidence, experiences and good due diligence practices among Swedish and Nordic business actors, which demonstrate that there is no conflict between sustainability and EU competitiveness. To the contrary, they showcase the importance of safeguarding the EU's sustainability framework to advance sustainable development, transform the EU economy and promote higher standards in global value chains. Swedwatch provides a series of recommendations for policymakers in favour of a balanced, yet impactful due diligence law at the EU level.*

### **Background to the Adoption of the CSDDD and the Omnibus-1 Proposal**

[The Corporate Sustainability Due Diligence Directive](#) (CSDDD) was adopted in July 2024, after many years of legislative work and difficult negotiations. It was the first EU-wide legislation which established binding due diligence requirements for large companies, based on the voluntary frameworks adopted by the UN and the OCED. The law is not without shortcomings but considered an important first step towards raising standards for companies and minimising human rights violations and environmental harm in the global value chains. Several other countries have also adopted binding due diligence laws, like the UK, Brazil and Norway and others, and an increasing number of countries are now following suit, most recently South Korea, Indonesia, Switzerland and Canada. This demonstrates an undeniable trend towards making due diligence obligatory.

The EU Commission's [Omnibus-1 proposal](#) – framed as a key tool to advance EU competitiveness through 'simplification' – has reopened the CSDDD, the sustainability reporting directive (CSRD) and the taxonomy for political renegotiation. This proposal has created considerable regulatory uncertainty for companies and investors, drawing [widespread criticism](#) from numerous actors, from [businesses, investors](#), international institutions including [UN experts, economists](#) and [the EU agency for fundamental rights](#) to the [EU's own central bank](#).

### **Misleading Motive Behind the Omnibus Proposal**

Regulatory simplification is presented as the main remedy to strengthen the EU's economy and global competitiveness, drawing on ideas from the Draghi and Letta reports. Yet the [European Commission's own impact assessment](#) of the CSDDD from 2022 shows that binding due diligence legislation at the EU level would not only address the adverse impacts on human rights and the environment, it would also strengthen Europe's competitiveness in the medium and long term. More specifically the impact assessment indicates that companies who invest in CSDDD compliance will, in the long run, reduce operational costs and reputational risks through better risk management systems. It also highlights that placing due diligence at the core of corporate decision-making can lead to improved financial performance and greater economic resilience.

*"All companies in the scope may derive performance benefits linked to, for example, operational cost savings due to more efficient operations, better risk management, better relationships with and trust from stakeholders, etc. (...) Benefits related to cost of capital and financing are likely to increase over time in light of ongoing measures requiring proper sustainability risk management in banks and some other financial institutions and growing awareness about sustainability risks in the finance sector."* – EU Commission's impact assessment

Experiences from the Nordic countries also illustrate that it is indeed possible to combine economic development with high environmental and human rights standards.

### **The Nordic Evidence Base: sustainability rules are not a barrier to competitiveness, rather the EU's competitive edge**

#### **1. Aligning with International Standards: Key Takeaways from Norway's Transparency Act**

Norway adopted its due diligence law back in 2022, known as the Transparency Act. The law covers approximately 9,000 Norwegian companies<sup>1</sup> that are required to comply with a set of due diligence requirements. Earlier this year, the [first evaluation](#) of the law was presented, showing many positive results. Most Norwegian companies consider the law to be effective and believe they have the capacity to comply with its requirements. The evaluation shows that the law has already had concrete effects in practice and improved companies' systematic work to identify and manage risks and violations in their value chains.

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<sup>1</sup> Company threshold is set to companies with more than 50 full-time employees and a net-turnover of 70 million NOK, compared to the CSDDD current threshold at 1000 employees and a net-turnover of 450 million Euro

*“Norwegian enterprises support the intentions of the Transparency Act and believe the established requirements are clear and appropriate. Most of the enterprises believe they have the capacity and competence to comply with the requirements of the Act” – KMPG review of Norwegian Transparency Act*

The Norwegian authorities have also published a [non-paper](#) to provide input to the ongoing Omnibus negotiations, where they stress the importance of aligning with international standards, such as the UNGPs and OECD Guidelines, to avoid creating a parallel regime. The non-paper also underlines the significance of a risk-based due diligence approach that is proportionate and continuous, focusing on the most serious and likely risks, often occurring deeper in supply chains that goes beyond tier-1 of suppliers.

*“Norwegian enterprises that contributed to the survey support the intentions of the Act. (...) many Norwegian companies’ prioritisation of business sector human rights obligations have been significantly and systematically elevated as a result of the Act. (...) several companies have also showcased examples of how the obligation to carry out due diligence assessments already has led to concrete improvements in their supply chains” - Norwegian government non-paper on the Omnibus proposal*

## **2. Improving Legal Certainty for EU Sustainability Legislation: Insights from Finland**

According to a [recent study by the Ministry of Foreign Affairs in Finland and Hanken School of Economics](#), there is a clear divide between well-prepared companies and those facing major challenges meeting the new sustainability requirements. However, regardless of their level of preparedness, the main concern for companies is not over-regulation or competitiveness, but the legal uncertainty and lack of clarity reinforced by the Omnibus proposal itself. By postponing the implementation of the CSDDD and CSRD by one year and introducing vague concepts like “reasonably available information” and “implementing measures”, the Omnibus further reinforces this uncertainty.

*“The study clearly shows that the main concern of Finnish companies subject to cumulative impacts is not overregulation, competitiveness or GDP per se, but rather the uncertainty created by the EU itself - including the risk of retreat from the key objectives of the European Green Deal and the green transition” - Nikodemus Solitander, lead researcher, in [press release](#) (translated from Finnish).*

[A Swedish law firm has also questioned the legal validity of the proposal](#), suggesting it may violate the EU Charter of Fundamental Rights.

*“If the proposals are challenged in court, it could lead to years of legal uncertainty for European companies, and there is also a fairly high chance that significant parts of the proposal will actually be overturned” - David Frydlinger, partner at the Law firm, Cirio (translated from Swedish)*

## **3. Business and Investor Engagement in Defence of the CSDDD**

Since the Omnibus Proposal was presented, countless statements from both companies and investors have voiced strong support for the CSDDD. Several Swedish actors - including AP7 (Swedish national pension fund), Ingka Group (IKEA), Nordea, Oatly, the Church of Sweden and Vattenfall - have joined European statements, like the [multistakeholder statement](#) signed by

around 480 investors, financial actors, companies and service providers. It emphasises the importance of protecting the EU's sustainable finance framework and highlights key elements like:

*“Rules on sustainability reporting, transition plans, climate targets and corporate due diligence are a key foundation for achieving the EU’s economic and sustainability goals. Improving their implementation is a priority.” – Omnibus initiative: Sustainability rules are essential for European competitiveness*

Many of the Swedish companies have also engaged with decision-makers directly, participated in many dialogues and roundtables to express their concern about the risks associated with the Omnibus proposal. Yet, Swedish MEP Jörgen Warborn (EPP group), the rapporteur for Omnibus, has repeatedly declined meeting requests from Swedish businesses and civil society representatives – [leaving many stakeholders feeling ignored](#). This is especially troubling given that, according to the EU Transparency Register, [Warborn has met several times with ExxonMobil](#). Uncoincidentally, the EPP rapporteur’s draft report currently under negotiation closely aligns with fossil fuel interests but fails to reflect the dominating sentiment across Europe’s business community.

The Swedish Business Confederation [has also criticised the Omnibus process](#) for being rushed and insufficiently considered, warning that it could increase administrative burdens rather than simplify procedures for businesses.

*“There is a risk that the regulation will lead companies to conduct routine investigations where there are no risks, instead of looking at what is essential and poses the greatest risks, and this could lead to an unnecessary increase in administrative burdens.” – Maria Altin, Senior Legal Expert at The Swedish Business Confederation (translated from Swedish)*

While business representatives have mainly highlighted the administrative implications, civil society has raised broader concerns about transparency and legality. A network of civil society organisations has [filed a complaint to the EU Ombudsman](#), claiming the Omnibus process lacked proper consultation and impact assessment, replacing open consultations with invitation-only dialogues that included few civil society representatives but several fossil fuel companies.

#### **4. Key Demands from Swedish Companies and Investors**

In dialogues with Swedish civil society held under Chatham House rules, Swedish businesses and investors have raised several common demands irrespective of the sector they operate in, signalling widespread consensus to preserve key CSDDD elements, including:

- **Safeguard a risk-based approach in alignment with international frameworks (e.g. UNGPs and OECD guidelines).**
  - *“It is crucial that the law focuses on where the risks to human rights and the environment are greatest – not where they arise in the value chain. A risk-based approach is essential if the directive is to have a real impact.”*

- **Strengthen transparency and accountability across the value chains is necessary to identify risks and to act upon them, otherwise violations and damages will remain uncovered.**
  - *“Larger companies must be able to request information about risks from small and medium-sized enterprises in their value chains. Restricting this would be inconsistent with international standards from the UN and the OECD and would make it very difficult to identify and manage many of the most serious risks further down the value chains. It would also hinder cooperation between SMEs and larger players.”*
- **Support to SMEs is important, not by weakening legislation, but by identifying smart measures to reduce the administrative burden and avoid contractual cascading.**
  - *“Raising the thresholds of which companies are covered would greatly reduce the impact of the directive and exclude many companies that may have a significant impact further down the value chain.”*
- **Safeguard democratic trust and EU influence globally.**

*“Watering down sustainability legislation threatens both the EU's democratic legitimacy and its role as a global leader in human rights and sustainable development”*

## 5. Cost of Compliance with CSDDD is Negligible for Swedish Companies

[Swedwatch analysis](#) shows that cost of compliance with CSDDD obligations is negligible, only 0,34 %, compared to shareholder payouts made in 2023, see table and picture below. This shows that Swedish companies—just like their Finnish and Norwegian counterparts—are in a strong financial position to comply with due diligence requirements and contribute meaningfully to a more sustainable and responsible global economy.



## Nordic investors are Moving Ahead Despite Omnibus Negotiations

In addition to the many statements supported by Nordic pension funds, banks and insurance firms, investors are also moving forward with setting higher due diligence and climate expectations in practice. For example, Norges Bank Investment Management (NBIM), the world's largest sovereign wealth fund with over €1.5 trillion in assets and holdings in more than 9,000 companies, [has raised its sustainability expectations](#) for all portfolio companies globally. It [explicitly calls on its investee companies](#) to conduct human rights due diligence aligned with UNGP and OECD standards, a requirement which mirrors the very standards the Omnibus proposal aims to weaken or postpone.

*“Regulation, principles and practices for companies’ human rights reporting as well as due diligence processes are under constant development. We support the ongoing development of good practices and believe that appropriate and timely reporting and measurable data are important”* - Norges Bank Investment Management

## Evidence of Human Rights Violations and Environmental Harm Demonstrates the Need for Clear, Binding Legislation

The Omnibus debate has focused heavily on companies’ ability and the costs to comply with sustainability legislation and how this affects the EU’s competitiveness. However, a fragmented or weak regulatory framework also creates substantial legal, financial, and reputational risks for companies. For instance, [a recent investigation](#) revealed that Swedish-owned Volvo is linked to human rights violations against Indigenous peoples in Indonesia due to nickel mining expansion, highlighting how insufficient oversight can quickly escalate into reputational damage, which in turn can quickly become financially material.

Clear and harmonised EU rules are therefore essential to ensure predictability and strengthen long-term competitiveness. In contrast, a fragmented civil liability framework—where varying regimes apply across Member States—would expose companies to inconsistent legal obligations, drive up compliance costs, and heighten the risk of legal claims for harms beyond their control. It’s important to note that this concern is [widely shared](#) among sustainability practitioners affiliated with CSR Europe.

*“Reintroduce the EU-wide civil liability regime as its removal could distort competition in the internal market by exposing companies to divergent civil liability regimes across Member States. It would also increase the risk of legal claims for harms beyond companies’ control. At a minimum, the scope of civil liability (original art. 29(1)) should be preserved, including the obligation on member states to limit civil liability to harms caused by a company's own failure to comply with specific obligations to implement measures to prevent or mitigate potential adverse impacts (art. 10) and to end or minimise actual adverse impacts (art. 11)”* - Chief Sustainability Officers’ actionable recommendations for a workable Omnibus to support corporate sustainability

Against this backdrop, two provisions are particularly critical and must be retained from the original CSDDD:

- **An EU-harmonised civil liability regime**
  - o Ensures all Member States introduce a civil law mechanism for CSDDD cases, creating a level playing field across Europe. This would reduce complexity and

costs for companies, which would no longer need to navigate multiple legal systems but could rely on EU-wide minimum requirements.

- Strengthens access to justice by reducing arbitrary national differences that limit victims' ability to hold companies accountable. Practical barriers such as short limitation periods or excessive legal costs must be removed.
- Discourages companies from relocating to countries with weaker civil liability regimes, similar to the role of tax havens.
- **Mandatory implementation of climate transition plans (CTPs)**
  - Raising standards across Europe to accelerate the transformation towards a sustainable economy that operates within planetary boundaries.
  - Binding requirements are essential to ensure that transition plans drive measurable climate action rather than becoming merely an administrative exercise, which is the opposite of what the Commission intends.
  - Ensures that all companies contribute to the EU's climate goals and the Paris Agreement, while providing clarity for investors and regulators, guiding capital towards sustainable activities.

## **Conclusion**

Based on the evidence and experiences from the Nordics, Swedwatch urges EU decision-makers to safeguard the EU's sustainability framework, and especially the CSDDD, to ensure trust in democratic decision-making, uphold our values of human rights and environmental protection but also to take important steps towards a more sustainable and just economy.



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