

CORPORATE SUSTAINABILITY DUE DILIGENCE (CSDDD / CS3D)

Omnibus I Reforms Consolidate CSDDD Application to July 2029 While Active German LkSG and French Regimes Enforce Compliance

Timestamp: 2026-10-10_1401 UTC
Risk Posture: ELEVATED

Telemetry Hash: 1746ca015d3e9b4b22232a35...
Engine Version: 2.5.7

PRIMARY LIABILITY DRIVER: While Directive (EU) 2024/1760 as amended by Directive (EU) 2026/470 establishes a Member State transposition deadline of 26 July 2028 and general application on 26 July 2029, multinational enterprises face immediate administrative fines and regulatory enforcement under operative national statutes including the German LkSG and French Duty of Vigilance.

EXECUTIVE SUMMARY

Directive (EU) 2024/1760, as amended by Directive (EU) 2026/470 (Omnibus I, approved by Council on 24 February 2026, published 26 February 2026, entering into force 18 March 2026), codified a unified in-scope threshold: undertakings with more than 5,000 employees and net worldwide turnover exceeding €1.5 billion (for non-EU undertakings, €1.5 billion generated within the Union), alongside qualifying franchising and licensing arrangements exceeding €275 million turnover and €75 million in EU royalties under Article 2(1)(c) and Article 2(2). Article 37(1) codifies a unified Member State transposition deadline of 26 July 2028, with enterprise-level obligations applying from 26 July 2029. Under the Omnibus amendments, Article 22 (mandatory climate transition plan) was formally repealed. Crucially, regarding sanctions, amended Article 27(4) replaced the former penalty floor with a maximum ceiling: Member States must ensure that pecuniary penalties for non-compliance are capped at a maximum limit of 3% of net worldwide turnover. Regarding civil liability, Article 29 was revised: the autonomous EU-level civil liability regime was removed, remitting claims to national tort systems while preserving the full compensation principle.

Corporate counsel must distinguish the future EU framework from currently active national supply chain legislation. Multinationals operating in Europe remain immediately subject to active enforcement under Germany's Lieferkettensorgfaltspflichtengesetz (LkSG) §§ 3–10, covering companies with 1,000+ employees in Germany, with fines under § 24 reaching up to 2% of global turnover for entities exceeding €400M turnover) and the French Duty of Vigilance (Code de commerce Art. L. 225-102-4). Entities in scope must utilize the 2026–2028 runway to map supply chains and prepare for European Commission general due diligence guidelines due by 26 July 2027 under Article 19.

1. AUDITED STATUTORY MILESTONES & PRIMARY SOURCE VERIFICATION

Statutory Instrument / Citation	Gate	Legal & Operational Impact
Directive (EU) 2024/1760, Article 2 as amended by Directive (EU) 2026/470 Status: ENACTED / IN FORCE	2026-03-18	Locks consolidated personal scope to undertakings with >5,000 employees and >€1.5B turnover (EU worldwide; non-EU Union turnover), plus qualifying franchise networks meeting Article 2(1)(c) / 2(2) financial criteria.
Directive (EU) 2024/1760, Article 22 Status: REPEALED / AMENDED	2026-03-18	Formal repeal of standalone corporate climate transition plan adoption mandate under CSDDD.
Directive (EU) 2024/1760, Article 19 Status: SCHEDULED HORIZON	2027-07-26	Statutory deadline for the European Commission to publish general non-binding guidance on due diligence risk assessment, sector-specific factors, and responsible disengagement principles.
Directive (EU) 2024/1760, Article 37(1) as amended by Directive (EU) 2026/470 Status: STATUTORY DEADLINE (TRANSPPOSITION)	2028-07-26	Binds EU Member States to transpose corporate due diligence provisions into national law by 26 July 2028, with corporate obligations becoming operational on 26 July 2029.

Directive (EU) 2024/1760, Article 27(4) as amended by Directive (EU) 2026/470 Status: STATUTORY CAP (NATIONAL IMPLEMENTATION)	2029-07-26	Requires Member States to establish administrative penalties for due diligence non-compliance, setting a maximum penalty ceiling capped at 3% of the undertaking's net worldwide turnover.
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2. GENERAL COUNSEL ACTION MATRIX & WORKSTREAMS

Priority & Classification	Required Operational Action	Owner	Gate
[CRITICAL] RECOMMENDED CONTROL	Audit group employee count and turnover perimeters to classify operating entities under amended CSDDD scope versus active German LkSG and French Duty of Vigilance criteria. Anchor: Directive (EU) 2024/1760, Article 2; LkSG § 1; Code de commerce Art. L. 225-102-4	General Counsel	2026-12-15
[HIGH] LEGAL REQUIREMENT	Maintain operational complaints procedures and human rights risk management mechanisms to satisfy ongoing German BAFA regulatory audits and French vigilance mandates. Anchor: LkSG §§ 3-10; Code de commerce Art. L. 225-102-4	Chief Compliance Officer	2027-01-31
[HIGH] REGULATORY EXPECTATION	Review franchising and licensing agreements to assess applicability of Article 2(1)(c) and Article 2(2) royalty thresholds across EU operations. Anchor: Directive (EU) 2024/1760, Article 2(1)(c) & Article 2(2)	Chief Financial Officer	2027-03-31
[MEDIUM] RECOMMENDED CONTROL	Prepare modular supplier codes of conduct anticipating Article 18 model contractual clauses while maintaining current tier-1 audit and disclosure covenants. Anchor: Directive (EU) 2024/1760, Articles 18 and 19	Chief Procurement Officer	2027-06-30

3. 90-DAY EXPOSURE & CAPITAL ALLOCATION PROFILE

Modeled 90-Day Budget Range: €240,000 - €480,000 (Model Total: €380,000) Estimation Basis: Illustrative enterprise scenario: assumes corporate group perimeter analysis across 14 subsidiaries, supplier questionnaire updates across tier-1 base, and ongoing German BAFA compliance defense. • Corporate perimeter scoping & subsidiary exposure mapping: €95,000 • Supplier human rights and environmental data platform renewal: €125,000 • German LkSG / BAFA active compliance defense retainers: €85,000 • French Duty of Vigilance stakeholder documentation review: €45,000 • Member State transposition tracking reserve: €30,000 Primary Liability Vector: Immediate administrative fines under active national statutes (e.g., German BAFA penalties under LkSG § 24 up to €8M, or up to 2% of global turnover for entities with turnover >€400M) and civil litigation under French tort provisions, transitioning from 2029 to harmonized national penalties capped at 3% of worldwide turnover under CSDDD Article 27(4). Affected Population: Enterprise groups with >5,000 employees and >€1.5B global turnover (or €1.5B EU turnover for non-EU entities), qualifying large franchise operations, and all corporate entities currently subject to German LkSG or French vigilance laws.
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4. DECISIONS REQUIRED THIS QUARTER (BOARD AUDIT COMMITTEE)

1. DECISION: Affirm corporate perimeter scoping against Omnibus I thresholds (>5,000 employees / >€1.5B turnover) to determine 2029 CSDDD application, closed upon legal perimeter memorandum sign-off.
2. DECISION: Authorize legal compliance retainers (modeled at €85,000) for active German BAFA supply chain audit readiness under LkSG §§ 3-10, closed upon retainer execution.
3. DECISION: Instruct Chief Compliance Officer to maintain statutory complaints procedures under LkSG § 8 across German operating subsidiaries, closed upon annual audit verification.