

Norwegian non-paper on the Commission Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements (COM/2025/81)

In light of the ongoing work on revising the Corporate Sustainability Due Diligence Directive (CSDDD), Norway would like to share some insights from the recent evaluation of our own due diligence law and share some reflections.

Introduction and assessment of the proposal's objectives

Norway is an integral part of the EU Single Market through the European Economic Area (EEA) agreement, whereby incorporation of relevant EU legislation into the Agreement ensures legal homogeneity throughout the EEA.

Norway has legislation in place concerning corporate responsibility, namely the *Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (the Transparency Act)*. The Transparency Act is based on the United Nations Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Companies (OECD Guidelines). The Transparency Act is also part of the Norwegian government's measures to achieve the United Nations Sustainable Development Goals.

In 2024, the Norwegian Government started evaluating the Transparency Act. As a contribution to the ongoing discussion on the CSDDD, we wish to take the opportunity to share with the EU institutions the experiences we have gained with the Norwegian Transparency Act since its entry into force in 2022. We would also like to highlight some key principles that, in the view of the Norwegian Government, are important to maintain in the CSDDD. In this document, the Government only comments on the proposed amendments to CSDDD.

General opinions on the proposed changes to the CSDDD

The European Commission proposes several changes to the CSDDD to strengthening competitiveness and reduce regulatory burdens. The Norwegian Government would like to highlight that the CSDDD must continue to **align with the UNGP and the OECD guidelines**. It is important to avoid creating a new regime parallel to these international standards.

We would also like to stress the **importance of maintaining the principle of risk-based, proportionate and ongoing due diligence assessments**. These principles are at the core of the OECD Guidelines and the UNGP and are also key elements explicitly mentioned in the Norwegian Transparency Act. Due diligence assessments must be conducted regularly and in proportion to the size of the enterprise, the nature of the enterprise, the context of its operations, and the severity and probability of adverse impacts. This is important, inter alia,

because the biggest risks of adverse impacts often occur far from the core business operations in the supply chain or even at the raw material stage of the production process.

Findings from the evaluation of the Norwegian Transparency Act

The Norwegian Transparency Act entered into force on 1 July 2022. The purpose of the Act is to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services, and to ensure the general public access to information regarding how enterprises address adverse impacts. The Act obliges approximately 9,000 Norwegian companies to conduct due diligence assessments, in line with the six steps of the OECD due diligence wheel. Due diligence assessments are to be conducted within the enterprise itself, its subsidiaries, the supply chain and within business partners that are not part of the supply chain. The due diligence assessments must be conducted regularly and in proportion to the size of the enterprise, the nature of the enterprise, the context of its operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions.

As part of the knowledge base for the evaluation that started in 2024, we commissioned a report from the consulting company KPMG.¹ An English translation of the report can be found here: [Review of the effects of the Norwegian Transparency Act](#). The report provides an analysis of Norwegian enterprises' experiences with the Transparency Act so far. The report shows that the **Norwegian enterprises that contributed to the survey support the intentions of the Act**. Furthermore, many Norwegian companies' prioritisation of business sector human rights obligations have been significantly and systematically elevated as a result of the Act. Furthermore, 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**, for example by assessing living wage and closing wage gaps for own employees.

The Transparency Act emphasises that **due diligence assessments shall be risk-based**. According to the report from KPMG, this has enabled enterprises to focus their efforts on areas with a high-risk of adverse impacts.

The report indicates that through their identification of significant risks, the **enterprises have improved their knowledge of their supply chain**. For many enterprises, it has been important to improve the basic data on suppliers and supply chains in order to conduct good risk assessments. A positive effect of this goes beyond the purpose of the Transparency Act and has led to an improved overview of purchases and competence in supplier management in general in several enterprises. Traditionally, many procurement functions have focused on quality of delivery and savings, but **with the new legislation there is an increased focus on sustainability and responsible conduct**.

¹ The report is based on data from a document review, analysis of due diligence accounts under the Transparency Act, a survey, several dialogue meetings and group interviews with stakeholders, as well as a virtual workshop with key stakeholders. The survey was sent to 600 selected enterprises of different sizes. The survey's overall response rate was 45 per cent. A socio-economic analysis has not been carried out.

The report also describes the **challenges** that Norwegian companies are encountering when complying with the Transparency Act. Some companies are of the opinion that the Transparency Act has contributed to **administrative burdens** related to enterprises' work on human rights and decent working conditions, due to increased paperwork and reporting duties. **Challenges related to transparency** have also been highlighted when collaborating on improvements with suppliers. Furthermore, the report shows that there are **different interpretations of, and practices related to, the duty to conduct due diligence** and that there is a **high demand for guidance** from the authorities regarding this duty.

Two years after the introduction of the Norwegian Transparency Act, the Norwegian government cannot draw any definitive conclusions on the broader effects of our legislation. However, based on feedback from businesses and civil society we would emphasize that **risk-based due diligence assessments with a strong link to the established practices of UNGP and OECD guidelines should be at the core of any legal instrument**. Furthermore, the focus of public authorities should be on developing **good guidance** for enterprises on how to conduct due diligence and to establish platforms for enterprises to share best practices.