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Consultation Response

European Commission Consultation on the Corporate Sustainability Due Diligence Directive (CSDDD) Guidelines

14 August 2026

Question from consultation (500 characters max for each question unless otherwise stated)	Response(s)
1. Considering the experience in your company with integrating (or your plans to integrate) due diligence into the relevant corporate governance policies, which policies do you consider most relevant? **This question is primarily aimed at gathering feedback from stakeholders in groups 1 and 2.**	Relevant policies include vendor procurement, business acceptance or specific firm supply chain DD procedures. However, firms should have flexibility to determine which internal policies, frameworks or statements are most appropriate. Flexibility will be important to ensure costs and operational efficiencies, and will enable firms to integrate risk-based DD into existing processes. Firms should not be expected to have a single CSDDD policy - multiple documents, procedures etc. may be needed.
2. Do you think that the guidelines should seek to offer examples on adverse human rights (including labour rights) or environmental impact, and which are the most relevant types of impacts for which you see this need? Please explain. **This question is aimed at gathering feedback from stakeholders in all groups.**	Practical, non-exhaustive examples for service-based companies and their upstream EU/non-EU suppliers should be provided. These should clarify how adverse impacts “can be abused by a company or legal entity” in a service context; focus on hard-to-identify impacts: discrimination, equal remuneration, standard of living, working conditions, privacy/data security; clarify prioritisation for companies with many suppliers; not presume responsibility, causation or remediation obligations.
3. If you already apply corporate sustainability due diligence in your value chain, do you have a defined set of indicators to identify and monitor the adverse impacts listed in the Annex? If so, were they developed in-house or do they rely on external input? **Please give a few examples and the data source(s) they rely upon.** **This question is primarily aimed at gathering feedback from stakeholders in group 1.**	Members use in-house or external tools and datapoints. The Guidelines should allow reliance on external sources and existing regulatory frameworks and standards. They should be mindful of the significant constraints that apply to firms: confidentiality constraints; legal restrictions in third countries (e.g., China's 2026 Regulations on Industrial and Supply Chain Security); limited leverage over clients or counterparties. Suggested indicators should be illustrative, not mandatory.
4. In your experience, what tools proved particularly helpful to carry out a scoping of risk areas across your company’s activities, those of your subsidiaries and those of your business partners? What approaches or solutions could help in performing these requirements in the cost-effective way?	The Guidelines should allow firms to rely on DD undertaken by business partners (under CSDDD or other frameworks); allow risk-based judgements in the absence of clear data, based on supplier jurisdiction or sector; recognise challenges associated with indirect business partners; clarify when requesting information is "necessary" (Art. 8(2a)(a)) and steps to take if a request is rejected (commercial and legal constraints, dependencies etc.); allow the leveraging of CSRD impact reporting processes.

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This question is primarily aimed gathering feedback from stakeholders in groups 1, 2 and 3.	
5. In your experience, what tools proved particularly helpful to carry out an "in-depth assessment" in areas that were identified as most severe and most likely? What approaches or solutions could help in performing these requirements in the cost-effective way? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2 and 3.**	Adverse media screening and questionnaires can be useful. A voluntary, standardised risk register for in-scope companies could facilitate consistent implementation and reduce duplication of efforts. However, firms should not be required to rely on the information found within the register and should not be penalised for departing from assessments they disagree with. The register must respect confidentiality, data protection, and competition law.
6. In your experience, what tools proved particularly helpful to identify indirect business partners in the value chain? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2 and 3.**	AFME members are large financial institutions with complex supply chains; indirect-partner mapping will be very challenging. Contractual assurances from direct partners can support cooperation and enable audits of indirect partners.
7. Have you faced any legal obstacles or conflicts when collecting information for the purpose of either carrying out a scoping of risk areas, or an "in-depth assessment" as a result of third countries' laws? Companies and stakeholders are invited to signal barriers to due diligence they may face in third countries when conducting due diligence. **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2 and 3.**	Data protection, bank secrecy, privilege, national security restrictions and local laws may block extra-territorial DD (PROTECT USA ACT and China's 2026 Industrial and Supply Chain Security laws); data cannot always be used for CSDDD without legal justification (requires contractual renegotiation). Guidelines should allow alternatives (aggregate data, public sources, risk-based sampling), confirm documented good-faith best efforts satisfy compliance, allow exceptions where local laws restrict DD.
8. In your experience what data currently collected by public administrations may be particularly useful for the purposes of effective due diligence? Do you believe there is a need for access to such data to be facilitated? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2, 3 and 5.**	Free access to sector social data and adverse media screening tools would be helpful. The Guidelines should support reliance on external approaches/sources (industry initiatives; third-party verification; data providers; media/NGO reports; technical monitoring) and specify how to ensure compliance.
9. Please indicate which of the following due diligence methods or other actions you consider most useful and cost effective for identifying adverse impacts in value chains? What are the pros and cons of these approaches in terms of cost effectiveness)? ***This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2, and 3.*** • **Complaints** • **Stakeholder engagement** • **Industry and multi-stakeholder initiatives**	• Complaints • Stakeholder engagement • Industry and multi-stakeholder initiatives • Third-party verification • Site visits • Technical surveillance or digital data over value chains and/or infrastructures (e.g., satellite monitoring of risk indicators or adverse impacts in the value chain) • Information from sustainability service providers • Use of media, NGO or other independent reports • Information requests to business partners

• **Third-party verification** • **Site visits** • **Technical surveillance or digital data over value chains and/or infrastructures (e.g., satellite monitoring of risk indicators or adverse impacts in the value chain)** • **Information from sustainability service providers** • **Use of media, NGO or other independent reports** • **Information requests to business partners** • **All of the above** • **Other methods** **Please specify.**	• All of the above • Other methods
10. Which are particularly useful examples of such sources of information and in which areas/sectors and/or for which impacts do you see a gap in terms of documented risk factors? Do you believe there is a need for access to such data to be facilitated (e.g. via a centralised web-page)? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2, 3 and 5.**	The Commission should publish sector-specific, non-determinative illustrative scoping assessments, freely accessible on a centralised webpage – similar to the Commission's work under the EU Forced Labour Regulation to develop a Database of Forced Labour risk.
15. Are there situations where in your view the severity or likelihood of a specific adverse impact is (or might be) particularly difficult to assess? How could such difficulties be overcome? **This question is aimed at gathering feedback from stakeholders in all groups.**	• Assessments often rely on information from suppliers about their own practices and chains of activities, who may use differing methodologies, making results difficult to compare across suppliers. Therefore, pragmatic and industry informed guidance for large, global firms is needed. • Service-based companies face particular difficulty ranking qualitatively different impacts (e.g. labour vs. environmental risk) across thousands of service-sector suppliers. • Risks such as forced labour typically occur several tiers upstream from direct suppliers, where visibility is limited. • No robust metrics currently exist to assess severity (scope, scale, irremediability) or likelihood across all impact categories; proxies and international organisation reports may be used as substitutes in such cases. • Local mandatory laws — data protection, blocking regulations — restrict information availability at multiple tiers upstream, compounding assessment difficulties. • The Guidelines should tie examples to factors such as scale and irremediability and confirm that proxies and third-party reports are sufficient where direct metrics are unavailable.
16. Regarding situations when it is "not feasible to address all identified impacts at the same time and to their full extent", what other elements are particularly relevant to support companies in performing an appropriate risk prioritisation process? **This question is aimed at gathering feedback from stakeholders in all groups.**	• Prioritisation decisions are necessarily made on information available at a given time; once resources are committed, they may not be easily reallocated. • The meaning of "based on the severity and likelihood" (Art. 9(2)) requires clarification, as does how causal distance should affect prioritisation (e.g. a severe risk several tiers upstream). • Service-based companies with large supplier populations cannot address all impacts simultaneously; it is unclear how firms should "exercise leverage" where they are one of many non-exclusive purchasers of standardised services. • Direct supplier impacts should be the focus, with any engagement with indirect partners only expected on a very exceptional basis. The Guidelines should clarify that CSDDD due diligence may be integrated into existing enterprise risk management frameworks and should not require separate prioritisation methodologies where existing governance already enables risk-based allocation of resources consistent with the Directive. Saliency assessments and SCDDA-style risk analyses are useful tools for structured prioritisation. However, the Guidelines should present these as non-prescriptive examples of approaches that firms may adopt, rather than mandatory methodologies. Firms must retain discretion to determine prioritisation approaches calibrated to

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	their specific circumstances, including the severity, likelihood, scale, and irremediability of identified impacts
17. Are you aware of examples where a decision was taken not to disengage from a business relationship because this would have potentially resulted in more severe impacts compared to those that triggered due diligence in the first place? How was the situation dealt with? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2, 3 and 5.** **Yes / No** **Please explain.**	Firms often have key dependencies on some suppliers, e.g. payment networks, data centres. Disengagement could create financial uncertainty, harm EU competitiveness and impact operational resilience/business continuity and should be a last resort, with engagement, corrective action plans and remediation prioritised. The Guidelines should recognise the need for remediation and transition periods. The impact on in-scope firms, not just identified adverse impacts, should be considered.
18. In your experience, what purchasing practices proved most cost-effective while at the same time ensuring that adverse impacts are prevented and mitigated? What are their pros and cons? **Out of these, are there purchasing practices that are inherently sector- or context-specific?** **If possible, please provide examples of specific contract or commercial terms or other best practices.** **This question is aimed at gathering feedback from stakeholders in all groups.**	• Integrating due diligence into existing commercial relationships and audit cycles, rather than parallel processes, is the most cost-effective approach. • The requirement for "necessary modifications" to purchasing practices (Art. 10(d)) should be bounded by what is commercially reasonable; institutions should not be expected to guarantee outcomes at every tier. • AFME members seek clarity on reconciling purchasing obligations with commercial constraints and fiduciary duties, particularly where mitigating adverse impacts involves cost increases. • The Commission should minimise regulatory overlap, ensure alignment across regimes and avoid double sanctioning to preserve cost-effectiveness and legal certainty.
19. What are most cost-effective available data that you are aware of for determining the living income for self-employed suppliers ("an adequate living income for self-employed workers and smallholders, which they earn in return from their work and production", see CSDDD Annex, Part I point 6)? **Are there sectors/geographies where no such data exist or are particularly difficult/costly to obtain?** **This question is aimed at gathering feedback from stakeholders in all groups.**	Living income data is often unavailable or costly, particularly for developing countries and multiple sectors (Fair Wages data from the Labour Rights Index is one of a few sources); data gaps are common (many sectors and geographies are not captured by providers); guidelines should allow benchmarks/proxies and not expect exhaustive data-gathering; full traceability beyond Tier 1 is impracticable for large service-based companies; firms may exit data-scarce markets if expectations are too high.
20. Which cost-effective practices are you aware of as regards companies making investments in their value chains to prevent or address adverse impacts? **This question is aimed at gathering feedback from stakeholders in all groups.**	Cost-effective measures include building internal ESG capacity and investing in automated screening and ESG data systems. Companies must have discretion: guidelines should confirm "necessary investments" are proportionate to leverage over suppliers (severity/likelihood, commercial viability). Financial institutions must have the flexibility to choose investments based on applicable requirements, including sector-specific regulation.
22. In your experience, what are the most cost-effective measures to support SMEs?	Measures include guidance for SMEs via industry associations and free/subsidised self-assessment tools or training. It would be most efficient for the Commission to develop these. "Targeted and proportionate support" (Art 10(2)(e)) should be proportionate and satisfied through cost-effective measures including model clauses,

What are the pros and cons? **This question is primarily aimed at gathering feedback from stakeholders in groups 1 and 5.**	shared self-assessment tools and Commission-produced resource. Bespoke SME programs imposed on individual in-scope companies would discourage SME sourcing entirely.
24. What are best practices that you are aware of to determine a company's proportionate involvement in an adverse impact for the purpose of remediation when a company jointly causes the adverse impact together with others (e.g., its business partner(s) or other companies)? **Have there been difficulties to determine appropriate remediation in case of joint causation in certain situations and how have these difficulties been overcome?** **This question is aimed at gathering feedback from stakeholders in all groups.**	Guidelines should clarify how remediation "proportionate to the company's implication" is assessed, including when there are subcontracting tiers; be sensitive to differences in legal standards on attribution. Remediation guidelines should consider a firm's leverage, contractual rights, financial spend, foreseeability, proximity, control and ability to influence the adverse impact. Examples should show when documented prevention, mitigation, escalation and cooperation reduce remediation exposure.
27. In your experience, which specific practical tools or frameworks (e.g. examples of structural drivers and root causes, early warning "red flag" indicators, conflict actor mapping, targeted questions for self-evaluation, scenario planning) proved to be particularly useful and cost-effective in integrating conflict analysis into your company's scoping and in-depth assessment? **This question is primarily aimed at gathering feedback from stakeholders in group 1.**	Useful practical tools and frameworks differ significantly depending on whether a firm is sourcing directly from a CAHRA or operating in one. The Guidelines should recognise this. The due diligence expectations, available tools and practical constraints differ materially between these two contexts. Guidance on sourcing scenarios should focus on information availability and the limits of leverage at distance, while guidance on operating scenarios should address direct operational risk management.
28. What are the main reasons that make information problematic to share with business partners? What best practices have emerged to address such concerns? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2, 3 and 5.**	• Key barriers: competition law; supplier confidentiality; blocking regulations; privacy/IP/liability; bank secrecy; legal privilege; cybersecurity; sanctions/AML; market abuse. • The Guidelines should clarify that information sharing must be compatible with the above. • Safe harbours needed where a partner refuses to share information, citing these obstacles. • Expectations should align with international standards to facilitate cross-border data flows.
29. As regards cooperation with other companies (i.e., with peers, in the framework of industry schemes) to carry out certain aspects of due diligence (e.g., risk analysis, stakeholder engagement, remediation, investment, capacity building, exercising leverage) what has worked well and what has not? Have competition law considerations constrained cooperation for due diligence? How can compliance burden be further reduced by data sharing and collaboration? **Please describe the types of constraints encountered and any solutions (e.g. organisational or procedural steps) found to overcome those obstacles.**	• What has worked well: sharing best practices through associations and networks. • What has not: competition law concerns have materially constrained due diligence cooperation, increasing burdens on suppliers. • Guidelines should: (i) support mutual recognition of peers' due diligence findings; (ii) endorse safe harbours for industry-level data sharing; (iii) permit reliance on upstream partners' own findings, while preserving firms' optionality not to be bound by assessments with which they disagree. • Practical testing of the draft Guidelines should be facilitated to identify unintended administrative burdens.

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30. In your experience, are there particular aspects of the cooperation between the parent company and its subsidiaries that may raise particular difficulties (including any legal requirements under other regulatory regimes that might create obstacles)? **This question is primarily aimed at gathering feedback from stakeholders in group 1.**	• Different local laws across jurisdictions can make compliance with Art. 6 very challenging across an international group with subsidiaries subject to different local laws. • Specific third-country legislation (e.g. the US PROTECT USA Act; China's 2026 Regulations on Industrial and Supply Chain Security) will likely create direct obstacles to compliance and cooperation. • Guidelines should recognise these constraints and provide flexible, proportionate solutions at group level.
31. What is your experience of cooperating with business partners to ensure efficient due diligence? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2, 3 and 5.**	The commercial relationship greatly affects cooperation. Business partners (BPs) for whom an in-scope firm is not a major client may deprioritise cooperation. Cooperation with BPs in jurisdictions with conducive frameworks (e.g. German Supply Chain Due Diligence Act (SCDDA)) is easier. Cascading assurances, prevention plans and verification obligations are often unworkable for BPs in developing markets lacking capacity or commercial incentive. Firms should not have to obtain confirmation of every cascading obligation at scale. Model clauses should be voluntary examples; offer simplified, tiered frameworks calibrated to BP capacity; reflect limits of influence in line with OECD Guidelines for MNEs (Ch. 2 ¶ 24); confirm firms are not in breach if a developing-market BP cannot match OECD-equivalent assurances; allow risk-based assessments on clauses to include; consider impacts of national laws. If clauses are too onerous or prescriptive, firms may redirect sourcing to developed markets.
32. What cooperation should the model contract clauses recommend between the in-scope company and its business partners as regards: • **the adoption and implementation of any prevention/correction action plan** • **the cost of addressing adverse impacts** • **stakeholder engagement** • **the notification and complains mechanisms** **with a view to ensure that due diligence is efficient and cost effective while compliance burden is not shifted to the business partners?** **Please provide examples of appropriate contractual clauses, if possible.** **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2, 3 and 5.**	See Q31 response. Model clauses should be modular, voluntary, risk-based and proportionate. There should be acknowledgement that clauses may need to be modified for each sector. Non-binding example clauses for cooperation, information requests, escalation, remediation planning, audit or verification if appropriate, confidentiality, data protection, and time periods to respond should be provided. Cooperation should only be expected with direct business partners. Prevention/correction plans: cooperation should only be required where firms jointly caused the impact. Cost-sharing: a threshold should be breached before cost-contribution obligations arise. Engagement: active engagement should only be required for impacts proceeding in-depth assessment, rather than requiring it during scoping (should be covered by the notification and complaints mechanism). Notification/complaints: to avoid duplication companies should be allowed to fulfil obligations via industry/multi-stakeholder initiatives.
33. In situations where the in-scope company and its business partner(s) are located in different countries, is there a need for specific contractual clauses on jurisdiction and applicable law to the contract? If so, why and can you provide examples of such clauses? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2 and 3.**	• Model clauses should provide optional alternatives on governing law, forum, escalation and survival of confidentiality, data protection and remediation obligations, rather than imposing a single mandatory framework. • Clarify that where local law conflicts with CSDDD requirements, both parties should negotiate in good faith to protect human rights as effectively as possible while complying with applicable law. • A documented good-faith effort to obtain information should satisfy the compliance standard (safe harbour) where genuine legal barriers exist.

34. Are there other elements required by CSDDD that are challenging to translate into contractual terms? What could be ways to overcome this challenge? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2 and 3.**	• Verification: unclear what "appropriate measures to verify compliance" requires or when third-party verification is expected; companies should retain commercial discretion based on context. • Stakeholder engagement: context-dependent and difficult to prescribe contractually; companies and partners should retain discretion on when and how to engage. • Information requests: the CSDDD does not specify format, increasing variability and burden; standardised, interoperable formats aligned across EU frameworks would be welcome. • Guidelines should endorse non-contractual compliance pathways — participation in industry initiatives — as full alternatives where contractual mechanisms are impracticable. • Living wage determination is difficult to operationalise contractually — further guidance needed.
37. What are, in your view, the main challenges for existing industry and multi-stakeholder initiatives in view of their role in supporting due diligence under the CSDDD (e.g., misalignment with the due diligence requirements, misalignment of audit protocols with the material scope of the CSDDD, in particular the Annex)? What are the main gaps in the geographical, sectoral, topical or value chain coverage of existing industry and multi-stakeholder initiatives? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2, 3 and 5.**	Initiatives tend to focus on IT resilience, financial worthiness and reputational risk, not only CSDDD considerations. A costly resource intensive uplift would be required, particularly outside Europe. Cooperation among participants may be perceived as conflicting with competition law. There are concerns over when participation provides compliance assurance and how "fit-for-purpose" will be assessed. Free country- and sector-level social data and adverse media tools would help address gaps.
40. What best practices could ensure the independence of third-party verifiers from the companies that they assess, from the companies on whose behalf they act and from external influence? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2, 3 and 5.**	• Standards must not impose disproportionate costs; onerous requirements raise costs without necessarily reducing adverse impacts. • Companies should retain the ability to assess verifier independence and run conflict checks themselves. • Minimum standards for acceptable data sources/tools should be defined, including liability treatment when relying on external inputs.
41. In your view, what level of experience and competence in human rights (including labour rights) or environmental matters, according to the nature of the adverse impact, would be necessary for third-party verifiers to support companies in implementing the Directive's requirements? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2, 3 and 5.**	Companies should retain discretion on when third-party verifiers are necessary; requirements should be cost-effective. Verifiers should hold relevant qualifications (e.g. law, human rights, environmental engineering) supported by recognised certifications (e.g. Certified Human Rights Officer; Social Compliance Auditor). Many companies' CSDDD reporting will be covered by CSRD reports, which already require limited assurance — CSDDD verification requirements should not exceed the CSRD standard.
43. Taking into account the requirements of the CSDDD, in your experience what are the most cost-effective means to engage with stakeholders in the performance of due diligence? What are the pros and cons? **This question is primarily aimed at gathering feedback from stakeholders in groups 1 and 3.**	Effectiveness depends on commercial relationships and leverage firms have, which can often be very limited. Cost-effective: integrating engagement into existing procurement/outsourcing governance; industry-level dialogues; joint grievance mechanisms; digital engagement channels; and government-led roundtables with firms and civil society. Clarify that firms need not conduct independent community-level consultations for every stakeholder, supplier or site (including Tier 1).

44. Which methods have proven most cost-effective in identifying and involving marginalized groups (for example certain groups of indigenous people) or 'hidden' stakeholders, such as those working in the informal sector or victims of human trafficking? **This question is primarily aimed at gathering feedback from stakeholders in groups 1, 2, and 3.**	It is unclear when engagement is required, who is responsible or how it works if large firms source from multinationals with many sites. Guidelines should recognise it is infeasible to identify all stakeholders, especially hidden. Firms should be allowed to implement systems cost-effectively. Identifying legitimate reps of marginalised groups is first step. For indigenous peoples, it may be feasible in specific transition contexts; for human trafficking, it is often only possible after rescue.