Consultation Response

European Commission Consultation on the Corporate Sustainability Due Diligence Directive (CSDDD) Guidelines –High-level Feedback

14 August 2026

The Association for Financial Markets in Europe (AFME) [1] welcomes the opportunity to provide input into the development of the guidelines for companies on how to conduct due diligence (the Guidelines) under Article 19 of the Corporate Sustainability Due Diligence Directive (CSDDD).

AFME welcomes the European Commission seeking input on the Guidelines at an early stage. It will be important to provide full consultation on the draft Guidelines and model clauses with input from companies across sectors.

Based on their experience implementing due diligence processes as large, multinational service-based companies, AFME members consider that the Guidelines should:

- Be practical, allowing firms to integrate due diligence within existing enterprise risk management, procurement and governance practices.
- Be proportionate, recognising the challenges in mapping suppliers, identifying stakeholders and mitigating or remediating impacts which take place across multiple tiers upstream of an in-scope company.
- Acknowledge genuine barriers to conducting due diligence with suppliers including national security restrictions and local laws. The Guidelines should recognise good-faith documented due diligence efforts as sufficient (safe harbour) where legal or practical barriers prevent access to information. They should allow use of public sources, proxies, aggregate data, sampling, third-party reports and sector-level data where direct information is unavailable. Commission-led or publicly supported tools would reduce information requests for suppliers and improve consistency.
- Explicitly acknowledge the practical challenges arising for multinational companies with global networks of non-EU suppliers, which may lack the infrastructure to support extensive information requests and compliance obligations required by CSDDD. As set out in Article 8(2) of CSDDD, due diligence processes must take into account geography and context, including whether a business partner is a company covered by CSDDD or comparable sustainability due diligence regimes, and provide pragmatic, simplified, and risk-based compliance pathways that account for this regulatory asymmetry.
- Create clear pathways for industry collaboration, sector-level initiatives and information sharing which do not create competition law risks.

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[1] The Association for Financial Markets in Europe (AFME) is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME's legal and regulatory initiatives.

Association for Financial Markets in Europe
London Office: Level 10, 20 Churchill Place, London E14 5HJ, United Kingdom T: +44 (0)20 3828 2700
Brussels Office: Rue de la Loi 82, 1040 Brussels, Belgium T: +32 (0)2 883 5540
Frankfurt Office: c/o SPACES – Regus, First Floor Reception, Große Gallusstraße 16-18, 60312, Frankfurt am Main, Germany T:+ 49 (0)69 710 456 660
www.afme.eu

Company Registration No: 6996678 Registered Office: Level 10, 20 Churchill Place, London E14 5HJ
AFME is registered on the EU Transparency Register, registration number 65110063986-76

- Reduce duplication and avoid creating parallel compliance frameworks on top of existing legal and regulatory obligations, including AML/CFT, sanctions, outsourcing, confidentiality and data protection. Model clauses should not create an expectation that firms provide contractual assurances, monitoring commitments or information-sharing obligations that duplicate, conflict with or exceed existing legal and regulatory requirements.
- Be flexible, with no single policy, risk identification methodology, questionnaire or model contractual clause becoming mandatory for firms. Firms must retain discretion calibrated to the degree of leverage they can realistically exercise over relevant business partners, the actual or potential severity of the adverse impact and the commercial context. At the same time, voluntary, modular tools such as a due diligence questionnaire could be a useful tool for firms when operationalising due diligence and reduce overlapping requests (see further details below).
- Acknowledge the structural lack of leverage or influence companies face regarding indirect suppliers, particularly where direct suppliers are not subject to CSDDD. A lack of leverage can render remediation contracts or contractual assurances relating to indirect suppliers unenforceable.

CSDDD Annex and Practical Application of Due Diligence

One of the key implementation challenges for firms is the breadth of the Annex, particularly in relation to environmental due diligence and the extensive references to international conventions and legal instruments. Given the wide scope of the Annex, the role of the Guidelines will be critical in supporting practical and consistent implementation of the CSDDD. While the Annex identifies a comprehensive list of international conventions and standards, it is neither practical nor proportionate for companies to assess every business partner against each individual instrument.

Instead, the Guidelines should translate the obligations contained within these conventions into clear, principle-based, actionable due diligence expectations which can be used to support a risk-based approach. This could be achieved for example by grouping the listed instruments into thematic categories—such as human rights, labour rights, biodiversity, pollution, water, climate, and indigenous peoples' rights—and identifying example key risk indicators and due diligence measures/questions associated with each theme.

A common, voluntary due diligence questionnaire based upon these thematic categories could be a useful tool for firms when operationalising due diligence, provided the questionnaire is presented as a voluntary tool and does not create an expectation that companies use a standardised format where equivalent due diligence processes already exist. The questionnaire could be a modular set of questions which could then be further adapted by firms to different sectors and risk profiles. Firms should also be expressly permitted to supplement the questionnaire with additional risk-based assessments where needed, particularly for higher-risk relationships and industry-specific considerations.

The questionnaire should be developed in consultation with a cross-sector working group, including representatives from service sectors. Industry input will be essential to ensure the standard forms are practical, proportionate and capable of being adapted to different business models. A common questionnaire, paired with information-sharing models (see our detailed responses to) could reduce multiple information requests for suppliers while also providing flexibility.

This approach would allow companies to adopt a risk-based and outcome-focused methodology, directing resources towards the most significant impacts rather than undertaking burdensome and duplicative assessments against each individual convention.