Eurosif response

Corporate Sustainability Due Diligence Directive – Guidelines

Brussels, 30 July 2026

Eurosif welcomes the development of the CSDDD Guidelines as an important opportunity to support effective and proportionate implementation of the Directive.

The guidance should help ensure that the key principles underpinning the CSDDD, including its risk-based approach and alignment with internationally recognised due diligence frameworks, are maintained and translated into practical implementation. It should also promote interoperability with the wider EU sustainability framework, helping companies and investors build on existing processes rather than creating duplicative systems.

Our key recommendations are:

1) Build on the frameworks companies already use, so the guidance does not create a parallel system

- **First:** the guidance should be **consistent with the existing and well recognised international standards, i.e. UN Guiding Principles** (UNGPs) **and the OECD's Due Diligence Guidance and Guidelines for Multinational Enterprises on Responsible Business Conduct and the International Finance Corporation (IFC) Performance Standards** that companies, and their non-EU partners, have been using for over a decade. This is to ensure they build on well recognised existing standards and leverage established business practices rather than developing a separate EU-specific approach. This would keep CSDDD due diligence anchored in the global baseline, lowering the cost for companies, and avoid disrupting mature practices.
- **Second, at EU level:** the guidance should clarify how CSDDD due diligence **interacts with other EU legislation** (EU Deforestation Regulation, Conflict Minerals Regulation, and Forced Labour Regulation) and let companies draw on the risk analysis, evidence and monitoring already performed in line with those rules, avoiding potential inconsistencies and overlaps.
- If the EU guidance is coherent with the standards companies already apply and with the other EU rules, companies would be able **to operate coherent due-diligence processes, rather than duplicative systems**. This would **reduce regulatory burden for companies, produce clear, consistent and comparable information for investors and different actors, increase legal certainty and drive international alignment**.

- **To operationalise the risk-based approach** the guidance should build on due diligence tools and practices already embedded in existing international frameworks, including grievance mechanisms, remediation processes and monitoring systems. These mechanisms help operationalise a risk-based approach in practice and should be accompanied by clear expectations on implementation, effectiveness and accountability. Guidance should encourage transparency on how such mechanisms are used and reviewed, while recognising the importance of senior management oversight and ownership of due diligence processes. The guidance should also provide practical examples of how companies can carry out **in-depth assessments in prioritised high-risk areas.** For example, local experts with field-level knowledge can provide valuable context, help verify risks on the ground and improve understanding of stakeholder realities that may not be captured through desk-based research alone.

2) Ensure the guidance provides investor-specific clarity to enable effective and tailored implementation

- While the CSDDD establishes a common due diligence framework, downstream investment activities are not within the scope of the Directive. Nevertheless, **guidance tailored to investors would support effective and proportionate implementation for those investors that remain in the scope of the CSDDD and for market participants that voluntarily apply due diligence processes on companies for investment purposes.**
- The guidance should therefore explain, in a manner consistent with international frameworks (e.g. the UNGPs, OECD Guidance and IFC performance standard), how investors are expected to identify and prioritise risks, exercise leverage, use stewardship and collaborative engagement, and build on existing sustainability-related processes and information. It should also provide practical examples and best practices illustrating how key due diligence concepts apply in an investment context. Sector- and activity-specific examples of heightened human rights and environmental risks would be particularly helpful as a starting point for impact identification and prioritisation. Such examples would help ensure that the most relevant risks are systematically considered at an early stage, serving as a starting point for risk identification and assessment, rather than a prescriptive checklist. This would help promote consistent market practices and provide greater legal certainty for in-scope investors.

3) Ensure the guidance firmly emphasises, clarifies and enables the risk-based approach

- The CSDDD preserves a risk-based approach to due diligence, consistent with the UN Guiding Principles and OECD Guidance, but the guidance should safeguard and

operationalise this approach, ensuring that procedural limitations introduced through the Omnibus **do not, in practice, narrow due diligence into a tier-one or box-ticking exercise**.

- The guidance should clarify that the possibility under Article 8 to prioritise areas involving direct business partners where impacts are identified as **equally likely or equally severe** across several areas is a limited exception and should not be interpreted as a general preference for assessing direct business relationships. Companies should retain a sufficient understanding of risks across their chain of activities in order to determine where impacts are most severe and most likely to occur.
- Finally, the guidance should confirm that scoping, assessment and prioritisation must remain driven solely by the **severity and likelihood** of impacts across the entire chain of activities. For example, operational, contractual or geographic **proximity** should not be used to exclude severe impacts from scope.

4) Ensure due diligence is consistent and interoperable with the EU sustainable finance framework, avoiding inconsistencies, ensuring clarity and reducing regulatory burden.

- Guidance should make clear the distinction and division of roles: the CSDDD sets the obligation to carry out the due diligence, the CSRD/ESRS set the **disclosure** obligation (to report on it), and the SFDR provides the framework through which investors use that information to inform investment decisions and comply with their own obligations.
- Guidance should facilitate genuine interoperability between the three regimes, while recognising that they serve different purposes and are not fully aligned in all respects. **It should help companies identify where processes, information and assessments can be used across frameworks, while clarifying where distinct requirements continue to apply.** Where interpretation questions arise, guidance should clarify them in a manner consistent with the risk-based approach established by the UNGPs and OECD Guidelines.
- Example of where the frameworks are **mutually supportive**: ESRS **requires companies to describe and map their due diligence** (ESRS 2) so that the same identification and assessment work serves both the CSDDD conduct obligation and the CSRD/ESRS disclosure obligation. Guidance should make this reuse explicit, so companies are not asked to duplicate effort.
- Example of a **difference requiring clarification**: the double-materiality required by the CSRD and the CSDDD risk assessment. Under the CSRD a company reports only what it finds **material** (impacts below the threshold drop out of the report), whereas under the CSDDD every severe and likely impact stays within due diligence, and **prioritisation** only sets the order of action. The same identification work feeds both, but the reported subset is narrower than the due-diligence perimeter. Guidance should

make this difference explicit and ensure that the narrower reporting perimeter does not affect the due diligence itself.

- Guidance should also clarify the interaction between CSDDD due diligence obligations and the **CSRD value chain cap**, including what information requests remain legitimate for due-diligence purposes. In particular, it should make clear that limitations on information requests introduced for sustainability reporting purposes do not remove the need to obtain the information necessary to identify and assess severe risks under the CSDDD. Clear guidance on what information requests remain legitimate in a due diligence context would help avoid inconsistent interpretations, support effective implementation and reduce unnecessary burden across value chains.
- Guidance should also clarify what constitutes **abuse of human rights as a reference point across other EU rules using a similar concept**. This term is referenced in CSDDD, but similar wording exists across other EU rules such as the exclusions underpinning EU Climate Benchmarks (referencing companies "in violation" of the UN Global Compact / OECD Guidance) – which are likely to form the basis of exclusion across the revised SFDR categories of products. This means investors often rely on third-party service providers (e.g. benchmark administrators or data providers) to determine these violations, resulting in inconsistency across practitioners. A clarification by the guidance of what constitutes abuse/violation of human rights would increase alignment across EU rules, support more consistent investor due diligence practices, and improve regulatory certainty for all actors in the investment chain.

5) Encourage meaningful stakeholder engagement as a core tool for meaningful due diligence

- Guidance should recognise that collaborative engagement, stewardship, complaints mechanisms and stakeholder-informed risk analysis **can increase leverage to prevent and mitigate adverse impacts while reducing costs.** Accessible and recurring engagement channels, including grievance mechanisms, can provide an efficient way to maintain ongoing dialogue and gather information over time. However, they may need to be complemented by more targeted engagement where impacts are most severe or stakeholders are harder to reach.
- Guidance should specifically differentiate between stakeholder types: **directly affected stakeholders,** who might be affected by the company's operations, products or services; **credible proxies:** organisations that can provide informed insights into the perspective of affected stakeholders (e.g. civil society); and **experts:** individuals with technical knowledge whose role is to inform the company's analysis.

6) Recognise collaboration and shared leverage as legitimate, cost-effective due diligence measures

- Guidance should confirm that collaborative approaches – sharing information and resources within groups and with other entities, investor collaboration, collective engagement initiatives, sector or multi-stakeholder collaboration, joint leverage, shared grievance mechanisms – are **legitimate ways to identify risks and increase leverage over impacts deep in the value chain and can reduce costs.**
- Guidance should actively demonstrate the value of these approaches through concrete examples and **best practices**, rather than merely permitting them, so that companies understand not only that collaboration is allowed but how it strengthens the effectiveness of due diligence.
- Guidance should also illustrate how companies and investors **can make appropriate use of recognised sector initiatives, certification schemes and collaborative due diligence mechanisms** (e.g. Responsible Minerals Initiative) as inputs for risk screening and prioritisation. Participation in such schemes should not replace companies' due diligence responsibilities but can provide a useful starting point for identifying risks, reducing duplication and strengthening collective leverage.

7) Use reasonably available information efficiently to prioritise engagement, and use external support responsibly

- Guidance should encourage companies to make efficient use of **reasonably available information** (public data, existing corporate disclosures, credible third-party and proxy sources, NGO and media sources, and interoperable digital tools) as a first step in risk assessment, so that direct engagement with business partners can **be focused and prioritised where risks are most severe.** This sequencing should **support, and not replace, meaningful engagement** with business partners throughout the due diligence process, consistent with the UNGPs and OECD Guidance; reasonably available information is a starting point for identifying and prioritising risks, not a substitute for the deeper, ongoing dialogue needed to understand and address impacts deep in the chain.
- When companies rely on **external actors (service providers, consultants, legal advisers, data or digital tools), guidance should advise responsible use:** assessing whether they operate within an environmental protection and human-rights-based approach, evaluating their competence, clarifying which due-diligence steps they can meaningfully support, and retaining ownership of the process and attentiveness to gaps.