

IHRB response to European Commission Consultation on Corporate Sustainability Due Diligence Directive (CSDDD) guidance

Submission by the Institute for Human Rights and Business (IHRB)

July 2026

Consultation Question		IHRB Response
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?	The following types of policy – ideally approved at board level – have relevance to human rights due diligence: General Codes of Conduct/Ethics; Human rights; Safety; Sustainability; Environment, Climate Change, Biodiversity; Procurement; Business Integrity; Whistleblowing; Employment, Recruitment and Modern Slavery; Remuneration; Non-Discrimination, Diversity and Inclusion; AI Governance; Data Protection and Privacy; Risk Management
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 <i>500 character limit</i>	Yes, sector-agnostic & sector-specific examples: displacement, loss of livelihood, recruitment fees, passport retention, forced labour, freedom of association, discrimination, land/environmental degradation, indigenous peoples, health/ safety risks to workers/communities, climate-linked labour impacts, privacy. Examples should highlight ‘involvement framework’ (cause, contribute, linked to), and - if relevant - how AI deployment influences impacts. This could be a separate updatable ‘living document’.

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? <i>500 character limit</i>	Useful scoping tools include: - Credible NGO/media reporting - Litigation records - Sector and geographic risk databases - Supply chain and stakeholder mapping - Multi-stakeholder initiatives acting at global, regional, local level - Initiatives funded by development partners to bring rightsholder voices to companies' attention e.g. Myanmar Centre for Responsible Business; EU-funded MADE in Myanmar; CREER (Colombia) - Research by trade unions, UN Agencies and ILO, NGOs, expert groups
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? <i>500 character limit</i>	- Sector-wide impact assessments (SWIAs), undertaken by/in collaboration with other stakeholders (e.g. by MCRB in Myanmar on oil/gas, mining, tech, tourism, co-funded by several EU governments) - Permanent in-country presence by company or its consultant, or membership of initiative e.g. Fairwear, MADE in Myanmar - Audits and site visits - Interviews and workshops with local experts, NGOs, unions, embassies (e.g. migrant-sending embassies in the Gulf), UN/ILO - Local language social/media monitoring
6	In your experience, what tools proved particularly helpful to identify indirect business partners in the value chain? <i>500 character limit</i>	- Supplier interviews/questionnaires - Initiatives by companies sharing supplier and audit data e.g. Amfori, RBA - Initiatives such as Open Supply Hub publicly aggregating supplier disclosures - Commercial databases for traceability e.g. Altana, Sayari - National company registries - NGO reports - Discussion of local context within local chambers of commerce e.g. EuroCham
7	Have you faced any legal obstacles or conflicts when collecting information for the purpose of either carrying out a scoping of risk areas,	Lack of transparency (e.g. non-publication of data on environmental monitoring, beneficial ownership) inhibits comprehensive due diligence although it should not be a barrier within own operations. This highlights the importance of development programmes supporting governance and transparency changes that will improve

	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. <i>500 character limit</i>	the wider business climate, including for human rights due diligence. Other obstacles: oppression of collective labour rights, criminalisation of disclosure in third countries
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? <i>500 character limit</i>	- Monitoring and inspection data held by/submitted to oversight bodies - Environmental & social impact assessments and follow-up monitoring reports covering water, air quality, biodiversity etc. - Company registries/Beneficial ownership - Land registries - Tax data - Employment data, including migrant workers
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? <i>Maximum 5 selections, no open text</i>	Selected: - Complaints - Stakeholder engagement - Industry and multi-stakeholder initiatives - Site visits - Use of media, NGO or other independent reports.
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	As has been done with the EU Forced Labour Portal, a centralised EU resource page/website with updated links to reliable guidance, initiatives, and sources of data could be useful: see e.g. ILO's Forced Labour Observatory and IHRB's guidance at commodity-trading.org and responsible-maritime-recruitment.ihrb.org. If there are sectors/countries where companies in scope of the CSDDD identify gaps, the EU could initiate an independent Sector Wide Impact Assessment and support

	data to be facilitated (e.g. via a centralised web-page)? <i>500 character limit</i>	follow-up.
12	What digital tools do you consider most useful to facilitate the identification, monitoring and assessment of possible adverse impacts? Please explain pros and cons. <i>500 character limit</i>	LLM-enabled risk screening can reduce data barriers between sectors/companies/ geographies and may give visibility to previously unknown risks. But value depends on data quality/coverage (e.g. missing data in local languages or that is not online). Informed human oversight is essential. Worker voice apps can be useful for tracking but only if issues are followed up. Aggregation of supplier disclosure e.g. by OpenSupplyHub supports rightholders to advocate for collective action on adverse impacts.
13	Have you encountered any difficulties or problems with digital tools, including issues that cause unnecessary burdens? <i>500 character limit</i>	The main difficulty is lack of transparency, and the absence of reliable published data from companies, governments, etc. Other problems are large data gaps in informal supply chains or where access is restricted; risk of 'hallucinated' or false published information presented as fact; automated offloading of high-risk suppliers instead of engagement and leverage (counter to UNGPs). Poor interoperability is also relevant.
14	Do you think there should be additional digital tools? What functionalities and tasks should these focus on?	Encouraging the inclusion of reliable social risk data into commercial software services that companies are already using for traceability/emissions reporting may be useful. Hybrid approaches that combine machine learning with community-reported data and qualitative reporting in local languages would strengthen reliability. However this is undermined by cuts in funding to civil society/labour groups with the ability to gather and publish such data.
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?	Information from closed countries/distantly impacted populations or from deep in value chains can be difficult to assess. A precautionary approach should be taken. Companies should be transparent about actual or planned activities and engage with rightholders/those in touch with them, using terms they can understand. EU diplomatic missions and partners could establish & maintain networks with potentially impacted rightholders/representatives and support them to raise their voices with companies.
16	Regarding situations when	Anchoring prioritisation in the UNGPs: severity (scale,

	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?	scope, irremediability) and likelihood of harm to people, not risk to the business, and involving affected rightsholders in assessing severity. Prioritisation should mean sequencing, not exclusion; companies should disclose which impacts are deferred and why, and when action will follow.
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? <i>500 character limit</i>	Yes. At country-level rather than individual supplier, Bestseller's heightened HRDD in Myanmar is a model company response, involving transparency and ongoing engagement including in collective action. https://bestseller.com/supply-chain/our-supply-chain-management/region-of-heightened-due-diligence-myanmar The OHCHR August 2023 paper on challenging contexts should be referenced in guidance. https://www.ohchr.org/sites/default/files/documents/issue_s/business/bhr-in-challenging-contexts.pdf
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. <i>1,000 character limit</i>	- Embedding clear criteria in procurement contracts on labour standards (such as the Employer Pays Principle) as well as heat stress and other human rights standards in procurement - Pricing and payment terms must allow suppliers to meet wage obligations and must not place undue pressures on suppliers - including multi-year contracts, long lead times and timely payments - Collective action e.g. ACT on Living Wages - Tendering practices which prequalify subcontractors based on HRDD and working-environment compliance and/or give a higher score to companies with human rights certifications particularly in highly cost-competitive sectors such as private security see ICoCA icoca.ch/procurement-guide/ - Where possible, limiting the depth of subcontracting tiers, where exploitation concentrates and visibility is lowest
19	What are most cost-effective available	Basic living wage data (including for self-employed) is freely available from Wage Indicator Foundation

	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? <i>500 character limit</i>	wageindicator.org and regularly updated. It covers 190 countries. Where gaps exist - particularly for informal-economy workers in Sub-Saharan Africa and Asia - new initiatives should support cost-sharing/joint data collection tools and transparent reporting. Worker and community data should only be collected/shared with informed consent and adequate protections.
20	Which cost-effective practices are you aware of as regards companies making investments in their value chains to prevent or address adverse impacts? <i>500 character limit</i>	- Investment into high-quality, climate-resilient workers' accommodation (see for example Duqm, Oman) - MADE in Myanmar includes collective action to improve conditions in the apparel supply chain funded by EU and company contributions (e.g. on training on child labour, freedom of association). MADE also facilitates/encourages individual company investments, e.g. coal phase-out - Employer-funded recruitment (Employer Pays Principle) https://www.ihrb.org/projects/employer-pays-principle
22	In your experience, what are the most cost-effective measures to support SMEs? What are the pros and cons? <i>500 character limit</i>	- Shared/sector-level tools so SMEs don't build HRDD from scratch (templates, joint training, common questionnaires) - Capacity-building via MSIs/sector bodies/development partner funded projects (eg. MADE in Myanmar) - Sector associations acting as intermediators, and peer-to-peer learning networks
23	In your experience, what are the most effective, including cost-effective, practices related to remediation? Please explain pros and cons. <i>500 character limit</i>	Effective due diligence and harm prevention in the first place is most cost-effective. If a company has caused/contributed to a harm, it should remediate, independent of whether it can demonstrate prior due diligence. Remediation should be focused on adequacy to the affected person/s and include consultation, safety, non-repetition guarantees etc. and not focus on the company's cost. Multistakeholder initiatives (e.g. Fairwear Foundation) can

		effectively facilitate multi-company remediation.
25	In your experience, what is the most significant operational challenge preventing effective due diligence in CAHRAs? How can these challenges be overcome? <i>1 selection only, no open text</i>	Limited access to data/information: difficulty verifying information due to data-poor environments or restricted physical access.
26	To assist companies in determining when specific due diligence obligations apply, would specific guidance regarding the identification of “high-risk” areas beyond active conflict zones be helpful? If so, please indicate your preference. <i>1 selection only, 150 character limit</i>	Other: The Commission can aggregate existing databases/guidance (ILO Forced Labour Observatory , OHCHR Aug '23 Challenging Contexts paper) in a portal (Q10).
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? <i>500 character limit</i>	The UN OHCHR's August 2023 paper on Business and Human Rights in Challenging Contexts is an effective framework for considering these questions. Experience from Myanmar underlined the important role that an engaged European Chamber of Commerce in a high-risk country can play in supporting member companies in their conflict analysis, through briefings, engagement with trade unions etc. https://www.ihrb.org/latest/how-can-european-chambers-of-commerce-support-effective-human-rights-due-diligence
28	What are the main reasons that make information problematic to share with business	Since the 2021 coup in Myanmar, local/Asian companies have felt more exposed than EU counterparts to action by the military/government if it is known that the company is discussing human rights (esp. where the

	partners? What best practices have emerged to address such concerns? <i>500 character limit</i>	military/government causes/contributes to adverse impacts). Safety in numbers through collective statements & discussions at Chamber level has to some extent helped to address this concern https://www.ihrb.org/latest/new-statement-by-concerned-businesses-operating-in-myanmar
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. <i>1,000 character limit</i>	IHRB regularly convenes companies to drive collaboration on shared problems e.g. the Leadership Group for Responsible Recruitment brings together peers to drive knowledge-sharing and Employer Pays Principle adoption. While IHRB considers most aspects of human rights due diligence as pre-competitive, we often start meetings with an antitrust statement to remind participants of their responsibilities, as do many multistakeholder initiatives in which we participate. One anti-trust challenge we have observed has been on getting collaboration between companies in a sector, e.g. apparel to work towards higher wages in their shared suppliers, as this touches on commercial terms. Here it is useful to have an independent external reference point - such as Wage Indicator Foundation - while leaving companies to make their own decisions. However, the growth of 'lawfare' against DEI and climate initiatives in the USA has made companies more careful concerning collective action in this area.
31	What is your experience of cooperating with business partners to ensure efficient due diligence? <i>1,000 character limit</i>	IHRB's convening activity regularly includes companies in different parts of the value chain as well as other stakeholders - see our MCRB, Leadership Group for Responsible Recruitment, the Built Environment Just Transition Accelerators, etc. The importance of including client companies and subcontractors in dialogue on human rights due diligence is seen in ICoCA, which has private security companies in the Company pillar and

		client companies in the Observer Pillar. ICoCA's Procurement Guide offers guidance on respective roles of Clients and Private Security Providers https://icoca.ch/procurement-guide/
35	Are you aware of any useful and relevant best practices for contractual clauses operationalising human rights and environmental due diligence? If yes, elaborate. <i>1,000 character limit</i>	We encourage the EU to examine the: - European Model Clauses initiative from Responsible Contracting https://www.responsiblecontracting.org/emcs - American Bar Association's contractual clauses project https://www.americanbar.org/groups/human_rights/business-human-rights-initiative/contractual-clauses-project/ https://shiftproject.org/aba-contract-clauses/
36	In your view, for which due diligence measures do industry or multi-stakeholder initiatives offer the biggest added value? <i>5 selections, open text only available with "Other"</i>	Selected: - Identification of adverse impacts, including risk assessment - Increasing leverage through collaboration - Monitoring effectiveness of actions; - Stakeholder engagement - Other: MSIs add most value where individual companies lack leverage or reach by pooling risk data and exercising collective leverage.
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?	Providing the CSDDD and guidance remains aligned to UNGPs and the OECD, MSIs/industry initiatives should help companies with their implementation. The main challenges relate to whether the market (customers, investors) rewards MSI participation, including certification. This determines some companies' interest in participating, particularly as participation carries a financial cost. The other challenge is whether MSIs and their civil society members have sufficient funding to play an effective role.

	500 character limit	
38	Which of the following governance or other challenges of existing industry or multistakeholder initiatives do you consider as being the most important? <i>Open text only possible with "Other" (150 character limit)</i>	Selected: - Conflicts of interest, including any undue influence on the governance of the initiative or on specific measures by participating companies - Governance bodies and their decision-making roles and responsibilities not clearly defined - Insufficient engagement with stakeholders - Lack of effectiveness in bringing about tangible impact - Processes not sufficiently adapted to cater for local realities and/or the interests of relevant stakeholders (including smallholders, SMEs, artisanal producers) - Other: Funding is the major challenge for MSIs, many of which rely on company membership fees and declining, project-based funding from governments/Foundations.
39	From the list below, which specific potential facilitation role of the European Commission would benefit your organisation the most and how? <i>Open text only possible with "Other roles" (150 character limit)</i>	Selected: Other roles. Convening companies & stakeholders in-country, or financially supporting MSIs, EuropCham, ILO to do the same. Guiding member state embassies on CSDDD.
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? <i>500 character limit</i>	The Commission should engage with the APSCA, the professional standards body on these issues, as well as ISEAL, and its member certification mechanisms, as they have extensive expertise on assurance. It should be noted that British Standards Institute has a Working Group G/1/4 currently discussing a standard for HRDD management (aligned to the UNGPs) which might ultimately lead to a certifiable/assurable standard at BSI or ISO level https://standardsdevelopment.bsigroup.com/committees/50302918
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	For verification, a useful resource is the APSCA competency framework for social auditors https://www.theapsca.org/resources/competency-framework-d-011/. Verification requires in-country access, local language capability and contextual understanding, including on safely engaging rightsholders. For 'supporting implementation', the bar can be lower, as it can encompass a wide range of activities.

	necessary for third-party verifiers to support companies in implementing the Directive's requirements? <i>500 character limit</i>	Companies should support consultants and verifiers to build local capacity.
42	In your experience, what are the most effective standards ensuring that the third-party verifiers are accountable for the quality, effectiveness, reliability and integrity of the verification? <i>500 character limit</i>	Part 7 of the 2025 ISEAL Code defines the effective Assurance (i.e. verification) system expected of a Code Compliant Standard, including for ensuring integrity of verifiers. For details of twenty individual Standards considered ISEAL Code Compliant, see https://isealalliance.org/membership/iseal-community-members See also the APSCA Code for independent social auditors https://www.theapsca.org/ethics-integrity/
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? <i>500 character limit</i>	Sector-level / multi-stakeholder platforms allow companies to pool engagement and reach stakeholders collectively, cutting cost and duplication particularly on sectoral and systemic issues. Examples are EuroCham Myanmar's member company ongoing dialogue with MICS-TUSF trade union, and the Global Forum for Responsible Recruitment. However, site/factory level engagement by a company with local rightsholders is also essential. We recommend the 2026 Guidance by Oxfam, Amfori, ETI and others
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? <i>500 character limit</i>	- Hidden stakeholders often include migrant, posted, or bogusly self-employed workers in lower subcontracting tiers - Most effective: working through trusted intermediaries (trade unions, migrant/community organisations, compliance bodies) rather than approaching workers directly - Where freedom of association is restricted (e.g. the Gulf), engaging workers through their embassies has proven effective, particularly for reaching subcontracted workers
45	What are the most robust and cost-effective mechanisms for	- Effectiveness depends on visible non-retaliation commitments and follow-through workers can see. - Anonymous interviews conducted off-site. Protections

	guaranteeing confidentiality and protecting participants from retaliation? <i>500 character limit</i>	must account for immigration status: retaliation can include not only dismissal, but also deportation, non-renewal of residency/work visas, and non-payment of wages.
46	What are the most critical issues for stakeholders covered by the Directive in terms of engagement with companies at different stages of the due diligence process? What are best practices leading to an effective (including cost-effective) due diligence process? <i>500 character limit</i>	- Ensuring stakeholders have the necessary resources and know-how to engage with companies - Reliable and timely information on business activity, particularly if it involves land, published by companies and/or government (mining licenses, EIA) - The ISHR published a constructive engagement with business in 2015, which could be updated - IHRB has partnered with UNDP and Rafto Foundation to deliver training on Strategies for Human Rights Defenders to Challenge, Confront, and Cooperate with Business
47	In your experience, what are the most cost-effective approaches that companies can use to involve stakeholders at the level of indirect business partners? What are pros and cons? <i>500 character limit</i>	Maintaining a dialogue with national trade unions and labour rights organisations may provide information on labour conditions in the wider value chain.
48	What are best practices in terms of the company's security procedures so that vulnerable stakeholders feel safe to engage (e.g., in terms of guarantees of anonymity, protection against retaliation, other)? <i>500 character limit</i>	Zero-tolerance policy on retaliation, engagement through channels defenders and workers already trust; assessing the civic freedoms context before engagement so participation does not expose people to risk. Data anonymisation and no data-sharing with employers / state authorities is valuable in repressive contexts.
49	How can companies engage with stakeholders in a way that specifically addresses and removes barriers for vulnerable stakeholders or groups (such as, depending on	Barriers: language, fear linked to immigration or employment status, limited rights-awareness, short project tenure. Proposals: independent, trusted support not controlled by the employer; information in workers' own languages; ensuring engagement carries no immigration or job

	the context, workers representatives, indigenous peoples, women, or migrant workers)? In your view, what specific support do vulnerable stakeholders need? <i>500 character limit</i>	consequences; providing resources for & recognising worker representatives; gender-sensitive approaches so those facing gender-based violence and harassment risks can participate (women-only consultations, women interviewers, women-led intermediaries).
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