Corporate Sustainability Due Diligence: Development of Guidelines.

Public consultation issued by the European Commission (EC)

Comments from ACCA to EC

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Founded in 1904 to widen access to the accountancy profession, we have long championed inclusion and today proudly support a diverse community of over 257,900 members and 530,100 future members in 180 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators, and other accountancy bodies, we are strengthening and building a profession that drives a sustainable future for all. Find out more at: www.accaglobal.com.

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General Comments

ACCA welcomes the opportunity to contribute to the European Commission's (EC) consultation on guidelines supporting Corporate Sustainability Due Diligence (CSDD). The Guidelines can strengthen governance by helping organisations identify, assess, prioritise, and manage adverse impacts. The aim should be to support businesses to make better-informed decisions.

To achieve this, guidance should encourage effective governance rather than a compliance-driven, 'tick-box' approach. It should help boards and management exercise sound judgement and embed due diligence. Rather than responding to individual questions, our response focuses on three overarching themes. ACCA views these as fundamental to effective implementation.

Prioritise adverse impacts

ACCA welcomes guidance that helps organisations identify, assess, and prioritise adverse impacts across increasingly complex value chains. They should support a genuinely risk-based approach, recognising that organisations cannot address every risk simultaneously. The same applies to informed decision-making, namely, where to focus resources and management attention. Practical guidance and worked examples are likely to be more effective than prescriptive checklists, particularly where they help boards and management exercise informed judgement. The same can be said of explaining the process underpinning key decisions. It is important that consistency remains a guiding principle.

The Guidelines should adopt a proportionate or 'right-sized' approach to due diligence. This recognises that effective governance does not mean applying identical processes - irrespective of organisational size, complexity, or risk profile. Organisations should instead be encouraged to scale their governance, risk management, and due diligence arrangements. This should occur while maintaining the same underlying principles and objectives. For SMEs, which means focusing effort on areas of greatest risk and impact. Such an approach minimises the risk of additional reporting or contractual requirements, which may divert resources away from effective risk management.

The importance of proportionality (or 'right-sizing') is emphasised in ACCA's Risk Culture report.[1] Drawing on insights from more than 2,000 risk and finance professionals globally, the report's calls to action recognise that effective governance should reflect an organisation's size, complexity, and risk profile. Rather than encouraging organisations to establish separate

[1] ACCA policy and insights (2023), *Risk culture: building resilience and seizing opportunities*, available here.

structures, the Guidelines should complement existing governance arrangements, management processes, and controls (regardless of how organised). The objective should be to integrate due diligence into day-to-day decision-making. This is also the case for directing management attention, and resources, towards the areas of greatest potential adverse impact.

Proportionality

ACCA believes that disclosure standards and frameworks should be principles-based, proportionate, and provide scope for flexibility. This is to meet the unique needs and circumstances of different organisations and their stakeholders. Care is also needed to determine the appropriate level of granularity. As a result, Guidance should reflect the variances in how leaders navigate commercially sensitive information, organisational readiness, and stakeholder expectations.

ACCA recently published research on how business leaders approach opportunities in sustainability reporting.[2] While 71% of respondents agreed that there was adequate information detailing the opportunities, 44% acknowledged that it was often difficult to locate.[3] It speaks to the importance of practical prompts and templates, likewise presenting information in a user-friendly manner.

Governance and internal controls

Organisations should be encouraged to assess both whether due diligence processes exist, alongside determining their influence on business decisions and improving outcomes. This could include periodic board and executive management reviews of whether adverse impacts are reducing over time. Further considerations may involve understanding the effectiveness of mitigation measures, establishing if emerging risks are being identified earlier, and evaluating the extent to which lessons learned are being incorporated into future decisions. ACCA's Risk Culture research has consistently shown that effective governance depends on clear ownership, accountability, and constructive challenge.[4] Responsibility for implementing due diligence may be shared across an organisation. However, and crucially so, accountability for oversight and outcomes should remain clear. Organisations should also be encouraged to adapt existing governance and management arrangements, rather than creating parallel structures. Yet there should remain clear routes for escalation, room to challenge, and independent review where appropriate.

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[2] ACCA policy and insights (2026), *The leadership behind reporting opportunities*, available here.
[3] Ibid.
[4] ACCA policy and insights (2023), *Risk culture: building resilience and seizing opportunities*.

Interoperability and comparable global baseline

ACCA highlights the importance of interoperability with Corporate Sustainability Reporting Standards (CSRD), European Sustainability Reporting Standards (ESRS), and International Financial Reporting Standards (IFRS). Doing so can reduce unnecessary complexity, while improving both transparency and comparability. In turn, ACCA supports guidance that aligns with existing international frameworks. Those include ISSB Standards, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the International Labour Organisation’s (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

Interoperability in implementation is equally as important. Instead of creating parallel processes, organisations should be able to embed due diligence within existing governance, enterprise risk management, internal control, and reporting arrangements. This can mitigate the risk of duplication and improve information quality. ACCA sees the quality element as particularly pertinent to boards and investors. For leaders at such levels, it ensures due diligence informs business decisions, rather than it becoming a standalone compliance exercise.

ACCA holds that reporting should provide a true and fair representation of an organisation's most significant risks, opportunities, and impacts. Where possible, organisations should be encouraged to collect information once. Practically speaking, its use should extend across governance, reporting, and assurance activities. This is contingent on its relevance, reliability, and decision-usefulness for intended users. ACCA sees the approach as strengthening overall trust in reporting.