

## **Preserve the Financial Sector Assessment Clause in CSDDD A Necessary Step for Responsible Investment and EU Credibility**

Brussels, 1 September 2025

Dear Members of the European Parliament,

As you negotiate your position for the Corporate Sustainability Due Diligence Directive (CSDDD), we ask you to protect a critical clause in the final text, namely the obligation for the European Commission to review whether financial institutions should be legally required to assess and mitigate their impacts on people and the planet.

This clause is modest in scope but highly significant in purpose. It does not immediately impose obligations on the financial sector but merely asks for a review based on analysis and research. This should be the cornerstone of any legislative assessment. Removing this clause would send the wrong signal: that the EU is willing to let the financial sector off the hook; that high-risk investments can continue to fuel human rights abuses and environmental destruction without consequences; and that systemic risks for investors themselves may grow unchecked. In an era of unprecedented environmental degradation and growing social inequality, this is not tenable. In particular, with the recent ruling from the International Court of Justice stating that EU member states must explore all avenues to address the climate crisis and comply with the Paris Agreement<sup>1</sup>.

Committing to this review will allow EU policymakers to better understand how financing and investment decisions are impacting fossil fuel expansion, deforestation, and human rights abuses in supply chains. To exempt them indefinitely is to undermine the very premise of the directive: that all companies bear responsibility for their impacts on people and the planet. Furthermore, we understand that the Commission services began collecting evidence for the review clause over a year ago, and that halting this process would squander the significant progress made.

This is even more important in light of the European Commission's **Savings and Investment Union (SIU)** initiative<sup>2</sup>. If EU citizens are being asked to entrust their savings to long-term investment vehicles in order to support the green and digital transition, they must have clear assurances that their money is not unwittingly financing climate change, biodiversity loss, or violations of fundamental rights.

The credibility of the entire SIU initiative depends on ensuring that the financial sector does not operate in a vacuum, shielded from the sustainability obligations placed on the companies they invest in. By using the CSDDD as a tool for risk management rather than additional paperwork, and by aligning expectations for asset managers and companies, the Commission can reassure long-term asset owners that sustainability risks will be effectively managed as they allocate capital to innovation and transition.

Retaining this review clause is not only common sense but good governance. A robust, evidence-based review will give the European Commission, Parliament, and Member States the opportunity to determine the appropriate approach based on evolving data, practices, and policy coherence with other EU legislation such as SFDR, CSRD, and the Green Deal. Moreover, there has been broad public support from banking supervisors and investor groups to maintain inclusion of this review clause in the final agreement<sup>3</sup>.

We, the undersigned, urge you to stand by this review clause and preserve the EU's leadership in responsible business conduct. Sustainable finance must not be a slogan. It must be built on accountability and transparency at every level of the investment chain.

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<sup>1</sup> International Court of Justice: [Advisory Opinion of 23 July 2025 - Obligations of States in respect of Climate Change](#)

<sup>2</sup> [Savings and investments union strategy to enhance financial opportunities for EU citizens and businesses](#)

<sup>3</sup> [Opinion of the European Central Bank of 8 May 2025 on proposals for amendments to corporate sustainability reporting and due diligence requirements](#); [“Making finance fit for Paris: achieving “negative splits” - Keynote speech by Frank Elderson, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB](#); [“The EU Corporate Sustainability Due Diligence Directive: Key Questions Answered” - IIGCC, Eurosif, PRI](#)

Your sincerely,

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17. [Global Witness](#)
18. [Interfaith Center on Corporate Responsibility \(ICCR\)](#)
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