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ISEAL statement

Verification and multi-stakeholder initiatives that use credible practices are essential for Corporate Sustainability Due Diligence, but they do not replace corporate accountability.

30 November 2022

ISEAL welcomes the EU Commission's proposal for a Directive on Corporate Sustainability Due Diligence (CSDDD). It is a pivotal step towards mainstreaming sustainability in corporate practices and fostering corporate accountability. Within the proposal, certification and verification schemes, as well as industry and multi-stakeholder initiatives, have a key role in organising and supporting compliance. Given this role, it is important to consider how they can best ensure that the implementation of due diligence processes is effective and equitable.

In advance of the Ministerial meeting in December, which discusses an approach for the Directive on Corporate Sustainability Due Diligence, we highlight below key points from the paper [‘Recommendations on strengthening the role of credible verification and multi-stakeholder initiatives within the EU Corporate Sustainability Due Diligence Directive proposal’](#).

The use of third-party verification or industry initiatives does not remove company due diligence responsibilities

Critical decisions within human rights and environmental due diligence (HREDD) processes can only be made by companies. The responsibility and liability should not be shifted to third-party verifiers or sustainability schemes that facilitate due diligence processes, nor should the use of such initiatives create a ‘safe harbour’ to protect companies. The responsibility for establishing and running a due diligence process, including providing or cooperating in access to remedy to ensure compensation/restitution of harms to individuals/groups, should always lie with the company as laid out in the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct. ISEAL welcomes the wording on industry initiatives in the text approved by COREPER (25 November), which – while suggesting a strong role for industry schemes, multi-stakeholder initiatives and third-party auditing in companies’ due diligence – makes clear these cannot replace a company’s HREDD process.

Third-party verification or industry initiatives can effectively support a company’s HREDD work

Many companies need support in implementing HREDD in a meaningful manner. Robust and rightsholder-driven sustainability schemes can support companies at both ends of the supply chain when they implement HREDD processes. In the context of the CSDDD proposal, initiatives and verification schemes with credible approaches can play a twofold support role. As third-party verification schemes, they can



provide relevant and reliable information, which can be used by companies as part of their efforts to comply with the Directive. As industry or multi-stakeholder initiatives, they can provide support, coordination and facilitation that can make due diligence implementation more effective, impactful and equitable.

The European Commission should set strict credibility criteria for certifications based on existing global definitions of good practice

Not all certification systems are equally robust, effective, transparent and impact oriented. Poorly governed and opaque certification schemes should not be used to support the due diligence process as part of the Directive. While the European Commission will provide further guidance through separate instruments on which initiatives are fit-for-purpose, the Directive should establish basic principles and processes on transparency, stakeholder inclusion and governance, as defined by international guidance and best practice. This should include but not be limited to the ISEAL Credibility Principles and Codes and the OECD guidelines. We strongly support the development of robust assessment methodologies that can evaluate the fitness of industry and multi-stakeholder initiatives; this assessment should look not only at the requirements of voluntary standards, but should consider the management, implementation, and overall credibility of these initiatives.

- [Read](#) the full recommendations.