NATIONAL ASSOCIATION OF Manufacturers

August 14, 2026

European Commission
Rue de la Loi / Wetstraat, 170
Brussels, Belgium

Re: Consultation on Corporate Sustainability Due Diligence Directive Guidelines

To Whom It May Concern:

On behalf of the 13 million people who make things in the United States, the National Association of Manufacturers ("NAM") is writing to share recommendations for the Commission's planned guidelines on the implementation of the Corporate Sustainability Due Diligence Directive (CSDDD).

As the largest manufacturing association in the U.S., the NAM's membership includes businesses of all sizes and across all industrial sectors. Many of our members sell products directly to European business partners or are in the supply chains for companies that do so.

While the NAM appreciates the Omnibus efforts to scale back the scope of CSDDD, we still have significant concerns about the Directive's extraterritorial reach and the billions of dollars in compliance costs that would be imposed on U.S.-based manufacturers and their suppliers. Under the current version of CSDDD, large U.S. companies would be responsible for the actions of smaller business partners throughout their supply chains—including for business activities outside of Europe. Manufacturers in the U.S. already are subject to extensive federal and state regulations on environmental protection, labor rights, and human rights, and they should not have to bear the added cost of complying with EU requirements when conducting business activities within the United States.

Although the NAM supports the repeal of the Directive or a full exemption for U.S. business activities, we want to share recommendations in the event that the Commission and EU Member States proceed to fully implement the requirements of CSDDD.

Limit Disproportionate Extraterritorial Reach
The Directive's due diligence obligations extend to complex global operations and business relationships, including operations with negligible (or even non-existent) connections to Europe. EU Guidance should allow companies to prioritize subsidiaries, business partners, products, services, and activities with a meaningful nexus to EU markets, while no information gathering should be required for entities or business activities with little or no EU connection. Affirming a clear EU nexus principle for CSDDD obligations would reduce extraterritorial friction (including, for example, the blocking measures already implemented by China and currently under discussion in the U.S.), improve legal predictability for non-EU companies, avoid unnecessary expense, and focus the Directive on risks most relevant to the EU market.

Recognize a presumption of regularity for compliance with national law
Operations in third countries are typically subject to specific labor, human rights, and environmental regulation that implements or parallels the instruments listed in the Annex of CSDDD. For business activity that complies with applicable host country permits, product authorizations, rules, and regulations, the Guidance should recognize a rebuttable presumption that this compliance is effective to satisfy a company's risk assessment, prioritization, and other due diligence obligations for the classes of adverse impacts addressed by such third-country regulatory structures. This approach will better recognize the regulatory sovereignty of third countries to implement the interests protected by CSDDD in their own national contexts, permit the concentration of finite due diligence resources on areas of potential unregulated harm, and would still permit a CSDDD-based review of third-country activity in those exceptional circumstances where there is clear evidence of structural under-enforcement or an absence of regulation.

Avoid Exhaustive Supply-Chain Mapping
The Guidance and Member State transposition should confirm that companies may use an initial scoping process based on reasonably available information and should not be required to collect primary data where that information is available to regulators from other sources. This approach would direct company resources toward the most serious and likely risks, avoid the expensive mapping of every tier of a company's supply chain, and align with the Omnibus goal of reducing unnecessary burdens.

Keep Model Contractual Clauses Voluntary, Flexible, and Non-Prescriptive
The Directive requires the Commission to provide guidance on voluntary model contractual clauses by July 26, 2027, but there is concern that such clauses could become mandatory in practice. Model clauses should be concise and voluntary tools that companies may adapt based on industry sector, governing laws, counterparty size, and market structure. They should not be treated as mandatory templates or evidence of non-compliance if not used. U.S. and EU companies operate under diverse commercial arrangements, and many cannot impose EU-style clauses on non-EU suppliers or contracts governed by third-country laws.

Protect Confidentiality and Trade Secrets During Information Gathering
Overbroad information requests will impose significant costs on smaller suppliers, non-EU business partners, and companies subject to third-country laws on data protection, confidentiality, trade secrets, antirust, and national security. The Guidance should state that information requests must be proportionate, targeted, and limited to information needed for CSDDD compliance, and that refusal to provide information beyond the Directive's scope should not be treated as evidence of non-compliance.

Treat Third-Party Verification and Industry Initiatives as Optional
The Guidance should confirm that participation in verification programs or multi-stakeholder initiatives is voluntary, that non-participation does not imply non-compliance, and that companies should not require business partners to obtain certifications. This voluntary approach

would reduce the disclosure burdens imposed on suppliers and preserve reporting company judgment about which tools are most useful for a specific risk, sector, or region.

Preserve Stakeholder Engagement and Non-Adjudicative Complaint Mechanisms

The Directive requires stakeholder engagement and notification or complaint mechanisms, but rigid procedures would create litigation-style processes disconnected from practical risk management and could introduce costly U.S.-style tort litigation practices into European regulatory and judicial systems. The Guidance should distinguish stakeholder engagement from formal complaint mechanisms and clarify that receipt of a complaint does not itself prove an adverse impact or necessitate a change in behavior.

Recognize Continued Engagement as an Alternative to Disengagement

The Guidance should confirm that disengagement from a business partner should be a last resort and that continued engagement, corrective action plans, and staged escalation can be compliant with CSDDD where these measures are more likely to improve outcomes. This approach would prevent the Directive from encouraging abrupt company exits from difficult markets, which could transfer risk to less responsible actors.

Limit Financial Penalties to Serious or Intentional Non-Compliance

Commission Guidance and national rules should reserve financial sanctions for serious, repeated, or intentional non-compliance and consider mitigating factors such as good-faith prioritization, cooperation, corrective measures, and legal impossibility. Companies should not face penalties or costly remediation obligations merely because an adverse impact occurred despite reasonable compliance procedures, because the Directive is intended to support risk-based due diligence rather than guarantee outcomes across global supply chains. Under no circumstances should CSDDD be read as eliminating national law requirements to prove fault as a pre-condition to administrative or civil liability, creating a *de facto* strict liability regime. Strict liability or draconian penalties would significantly discourage foreign investment in the European Union and even prompt the removal of business operations currently in Europe. To ensure proportionality in the future enforcement of CSDDD, the Guidance should explicitly recognize that enforcement orders and penalty assessments must also consider the potential indirect effects of such enforcement on companies, industries, and broader European prosperity. Remedies should be narrowly tailored to the specific infraction at issue and not be used to broadly regulate industries or impose structural economic or policy outcomes.

Prevent Fragmented and Duplicative Reporting

Fragmented Member State implementation could create divergent standards and overlapping obligations under the Corporate Sustainability Reporting Directive and forced labor and deforestation regulations. The Commission and Member States should commit to harmonized transposition, a single EU helpdesk connected to national support mechanisms, and no duplicative CSRD reporting solely because a company is also subject to CSDDD. Avoiding overlapping national regulations would reduce administrative costs for non-EU companies operating in multiple Member States and make compliance more predictable.

The NAM appreciates the European Commission's consultation on the implementation of CSDDD. Manufacturers are committed to working with U.S. and EU officials to reduce disclosure burdens for companies, limit trade barriers, and promote greater economic growth on both sides of the Atlantic.

Sincerely,

C. Edward Allen
Senior Director, Corporate Finance Policy

Jake Kuhns
Vice President, Domestic Policy

CC: Ambassador Greer