Norges Bank Investment Management

European Commission,
Directorate-General for Justice and Consumers
Rue Montoyer 59, 1000 Bruxelles, Belgium

Date: 23.07.2026

European Commission's Consultation on Corporate Sustainability Due Diligence Directive Implementation Guidelines

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank (Norges Bank), responsible for investing the Norwegian Government Pension Fund Global on behalf of the Norwegian people. We are a globally diversified, long-term investor across more than 7,200 companies in 65 countries. As of year-end 2025, we managed EUR 1.79 trillion in assets, including EUR 232 billion invested across 1,080 companies in the EU Member States. We welcome the opportunity to respond to this consultation on guidelines to support the effective implementation of the Corporate Sustainability Due Diligence Directive (CSDDD, Directive 2024/1760).[1]

As a long-term investor, we depend on reliable and comparable sustainability information to make informed investment decisions, assess material risks, and engage effectively with companies through stewardship. The approach these forthcoming CSDDD implementation guidelines take to due diligence processes, risk prioritisation and stakeholder engagement will speak directly to our interests in European companies and their value chains.

Our expectations of investee companies, and our own approach to sustainability due diligence as an investor, are based on internationally recognised standards for responsible business conduct, in particular the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises.[2] We would therefore encourage the European Commission to ensure these guidelines are closely aligned with these standards, including the concepts of causing, contributing to, or being directly linked to an adverse impact. This would keep the framework coherent with the global standards for responsible business conduct that companies and investors increasingly apply.

We set out our responses to the most relevant consultation questions in the appendix below, and appreciate the Commission's consideration of our perspective. We remain available for further discussion.

[1] Corporate sustainability due diligence – development of guidelines.
[2] NBIM, Human rights - Expectations of companies (2025), available at Human rights; NBIM, Sustainability due diligence, available at www.nbim.no/en/responsible-investment/sustainability-due-diligence/.

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Yours sincerely

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Appendix

Question 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?

Our responsible investment policy is based on the UNGPs and the OECD Guidelines for Multinational Enterprises. We expect our portfolio companies to integrate material sustainability issues into their policies, strategies and risk management practices, and to identify, assess and manage adverse impacts. This should also inform incentives, training and company priorities, with boards overseeing how it is implemented and reported.

Question 2: Do you think that the guidelines should seek to offer examples on adverse human rights, including labour rights, or environmental impacts, and which are the most relevant types of impacts for which you see this need? Please explain.

Yes. Examples should show how a company's activities can put people, communities, livelihoods and the environment at risk, particularly those most at risk, including children, indigenous peoples and human rights defenders. Examples should also reflect how salient risks vary by sector and context, and illustrate the need for prioritisation based on scale, scope and irremediability. Examples of the risks of inaction may also be useful.

Question 3: If you already apply corporate sustainability due diligence in your value chain, do you have a defined set of indicators to identify and monitor the adverse impacts listed in the Annex? If so, were they developed in-house or do they rely on external input? Please give a few examples and the data source(s) they rely upon.

Developed in-house, our "expectation scores" evaluate portfolio companies' alignment with our expectation documents. They draw on external data providers, news media, stakeholder input and AI tools that fill data gaps for non-disclosing companies. See our Responsible Investment 2025 report and our 2025 Climate and nature disclosures report for detail.

Question 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 a cost-effective way?

Our scoping covers portfolio companies, not our own operations. We systematically analyse risks as companies enter the fund's benchmark and monitor the full portfolio daily for severe incidents. We also conduct deeper research into emerging risks and enhanced due diligence in specific contexts, such as conflict-affected areas. AI-assisted analysis allows us to assess external data at scale and cost-effectively, drawing on OECD guidance, civil society reports and data providers.

Question 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 a cost-effective way?

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As an investor researching portfolio companies, we have found large language model (LLM) tools effective for additional research on topics, industries and specific companies, though this relies on information being publicly available. Some data providers now use AI to synthesise company reporting, helping close some gaps. That said, information bias persists, particularly in regions and sectors where information remains opaque and hard to access.

Question 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?

- ☐ Complaints
- ☐ **Stakeholder engagement**
- ☐ **Industry and multi-stakeholder initiatives**
- ☐ Third-party verification
- ☐ Site visits
- ☐ **Technical surveillance or digital data over value chains and/or infrastructures, e.g. satellite monitoring of risk indicators or adverse impacts in the value chain**
- ☐ **Information from sustainability service providers**
- ☐ **Use of media, NGO or other independent reports**
- ☐ Information requests to business partners
- ☐ All of the above
- ☐ Other methods

Selected: Stakeholder engagement; Industry and multi-stakeholder initiatives; Technical surveillance or digital data over value chains; Information from sustainability service providers; Use of media, NGO or other independent reports.

Rationale: this reflects our own screening approach, which combines external data sources, news media, stakeholder input and AI/LLM-based screening of public information.

Pros: our data-driven methods (technical surveillance, service-provider data, and media/NGO reports) allow us to screen our entire portfolio cost-effectively, including surfacing issues in less-covered markets that data vendors may miss. Stakeholder engagement and multi-stakeholder initiatives allow us to pool insight and share costs with companies and other investors, rather than each duplicating similar due diligence work.

Cons: these approaches depend on information that has been disclosed or is otherwise publicly available, so they are less well suited to surfacing information that has not been disclosed.

Question 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.

We deploy large language models to screen portfolio companies, scanning public information beyond standard data vendors to flag issues such as forced labour, certain products, and high-risk operations. This keeps assessments aligned with our own expectations, rather than service providers' approaches. Particularly valuable for smaller emerging-market companies with limited data-vendor or media coverage. Pros: fast, scalable. Cons: requires human review to verify the information.

Question 13. Have you encountered any difficulties or problems with digital tools, including issues that cause unnecessary burdens?

A human in the loop is still needed to assess the reliability of the information, whether it is up to date, and what the sources are. It also requires resources to assess this information and direct it appropriately for it to be useful.

Question 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?

Impacts are difficult to assess due to limited access to information, rapidly changing circumstances, and varying reliability of sources. Combining multiple data sources, as we do in our own screening, can help overcome some of these limitations. Dialogues with stakeholders and engagement with the company in question can shed light. The same applies for supply-chain exposure: engagement with suppliers and external stakeholders helps us understand the situation.

Question 16: Regarding situations when 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?

We prioritise based on the materiality of the topic, the severity of potential and actual impacts (assessed by their scale, scope and irremediability), our leverage over the relevant business relationship, and the size of our investment. Sustainability risk monitoring is deliberately concentrated on companies and topics where these factors are most significant, rather than spread evenly across all identified impacts.

Question 23: In your experience, what are the most effective, including cost-effective, practices related to remediation?

Recognising harm and providing avenues for recourse is a first step towards remediation. This describes what we expect of investee companies, not our own experience. In line with international standards, we expect them to provide operational-level grievance mechanisms or engage constructively in legitimate processes. The most cost-effective processes place stakeholders on an equal footing, enable dialogue and reach outcomes without costly legal proceedings, per the UNGPs' Effectiveness Criteria.

Question 24: What are best practices that you are aware of to determine a company's proportionate involvement in an adverse impact for the purpose of remediation when a company jointly causes the adverse impact together with others, e.g. its business partner(s) or other companies? Have there been difficulties to determine appropriate remediation in case of joint causation in certain situations and how have these difficulties been overcome?

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We do not adjudicate proportionate remediation ourselves; this sits between the company and affected parties, so we have no direct view on such difficulties. We look for companies to assess their own contribution to the impact (whether they caused, contributed to, or are directly linked to it) and their leverage over the relationship, in line with UN Guiding Principles guidance. We also expect them to engage in good faith with co-responsible parties on proportionate remedy.

Question 25: In your experience, what are the most significant operational challenges preventing effective due diligence in CAHRAs?

- **Limited access to data/information: difficulty verifying information due to data-poor environments or restricted physical access**
- **Safety risks to stakeholders: inability to consult with affected individuals and communities without exposing them to retaliation or violence**
- **Safety risks to staff: security threats to company personnel or auditors preventing on-the-ground assessment**
- **Legal conflicts: national laws, e.g. secrecy acts or counter-terrorism laws, that conflict with due diligence expectations**
- **Complexity of supply chains: difficulty tracing business partners in informal or opaque war economies**
- Other

Selected: All of the above.

Question 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.

- **List of contextual risk indicators: a list of "red flags" indicating state fragility or authoritarianism, e.g. suppression of civil society, suspension of legal protections, spike in inflammatory/hate speech**
- **References to and guidance on how to use specific, reputable global indices, e.g. OECD States of Fragility, RULAC, or the World Bank FCS list, to determine a country's risk level**
- **Sector-specific case studies for "early warning" contexts: practical examples of how companies in different industries have identified high-risk signals in seemingly stable or "pre-conflict" environments**
- Other

Selected: All of the above, plus examples of what good enhanced due diligence looks like in practice, and, conversely, what it means for companies that do not take these risks seriously in conflict-affected and high-risk areas.

Question 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, or scenario planning, proved to be particularly useful and cost-effective in integrating conflict analysis into your company's scoping and in-depth assessment?

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We used guidance from the UNDP, OHCHR and the UN Working Group on Business and Human Rights, plus the RULAC database and other sources, to develop our enhanced CAHRA screening. This draws on multiple data sources, AI tools and business-activity factors to map heightened risks, which are then integrated into scoping and assessment. Using AI and existing data keeps this scalable and cost-effective across our portfolio, and sets engagement priorities for company dialogues on risk mitigation.

Question 31: What is your experience of cooperating with business partners to ensure efficient due diligence?

Our experience is as an investor engaging with investee companies, not as a value-chain partner. We assess the effectiveness of companies' due diligence, follow up on incidents pointing to gaps, and encourage improvement. Maturity varies significantly across companies and sectors. Escalation includes voting against board members and supporting timely, well-written shareholder proposals, useful tools where shortcomings persist despite engagement.