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Investors urge Brussels to keep financial review clause in CSDDD

September 8, 2025 | Written by Moriah Costa

A group of investors and human rights advocates are urging the EU Commission and European Parliament to keep a financial review clause in the corporate sustainability due diligence directive (CSDDD).

The clause requires the commission to review whether financial institutions should be legally required to assess their human rights and climate impact. But under the **EU's omnibus proposal**, this clause would be removed.

"This clause is modest in scope but highly significant in purpose," the letter says. Signed by 30 groups, including ShareAction, Oxfam, Americans for Financial Reform and the European Environmental Bureau, it goes on to say that while the clause does not put obligations on the financial sector, it would allow lawmakers to better understand how financing and investing decisions impact the environment and human rights issues.

Scrapping the review would send the wrong message, said Luca Schiewe, a researcher at Facing Finance.

"It throws away the facts and locks in a special exemption for the finance sector that no other sector gets," he said.

Beate Beller, a EU senior campaigner with Global Witness said finance should not get a free pass. "Lending, investment and insurance must not remain exempt from accountability for their impact on people and planet."

The CSDDD would require companies to assess the impact of scope 1, 2, and 3 emissions and be held accountable for human rights and environmental breaches. But its scope could be drastically reduced under the EU sustainable omnibus review as part of a larger push to cut regulatory burdens on companies.

Regulators are concerned that the EU Commission's proposal goes too far. European Central Bank president Christine Lagarde warned against cutting the EU sustainability rules too much, as it could impede the central bank's efforts to incorporate climate change into its monetary policy framework.

"Many of the social and environmental challenges we face today are exacerbated by a financial system that still prioritises short-term profit over long-term sustainability," said Richard Gardiner, head of EU policy at ShareAction. "The review clause in the CSDDD is a modest but vital step to start addressing that imbalance".

The omnibus proposal is currently with the European parliament's committee for legal affairs, with a vote on amendments to the law planned for 13 October.

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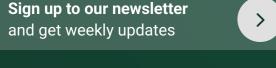
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