



Federal Ministry
of Labour and Social Affairs

Federal Ministry
for Economic Cooperation
and Development

Together Towards Effective Implementation of CSDDD: Multi-Stakeholder Approaches in Corporate Due Diligence

Brussels, 23 September 2024

The German Federal Ministry of Labour and Social Affairs (BMAS) and the German Federal Ministry for Economic Cooperation and Development (BMZ) hosted the conference “Together Towards Effective Implementation of CSDDD: Multi-Stakeholder Approaches in Corporate Due Diligence” in Brussels on 23 September with more than 130 participants from EU institutions and Member States, companies, social partners, civil society, and sustainability initiatives.

Germany introduced its due diligence act in 2023. And our experience has shown that multi-stakeholder initiatives play an important role for implementing such legislation.

Dr Bärbel Kofler // Parliamentary State Secretary to the Federal Minister for Economic Cooperation and Development

“Multi-stakeholder partnerships provide a platform for pooling resources and leverage, while increasing the uptake and impact of measures.

Lilian Tschan // Permanent State Secretary at the Federal Ministry of Labour and Social Affairs

The event discussed the role of multi-stakeholder initiatives (MSIs) for efficient and impact-oriented application of the Corporate Sustainability Due Diligence Directive (CSDDD). The Secretaries of State Dr Bärbel Kofler (BMZ) and Lilian Tschan (BMAS) both emphasised the potential of MSIs in the context of mandatory corporate due diligence as platforms for exchange and cooperation along the supply chain.

Nils Behrndt, Deputy Director General of the European Commission's Directorate General for Justice and Consumers, called for coherence in the transposition and implementation of CSDDD, as well as strong support measures. Over the next two years, the Commission will issue a number of guidelines, including on fitness criteria for MSIs and industry initiatives.

A panel of experts from different stakeholder groups discussed their practical experience with collaboration in MSIs. Finally, representatives from the Netherlands, Germany and Sweden presented current multi-stakeholder approaches in the EU.

Key insights

- **MSIs provide concrete guidance on corporate due diligence:** Prior to mandatory due diligence regulations, MSIs have been supporting companies in protecting human rights and the environment on a voluntary basis, for example through common standards or joint pilot projects. By covering specific sectors or commodities, existing MSIs already offer concrete tools for due diligence specific to different contexts – “because a T-shirt is not a banana”, as one speaker put it. Projects and lessons learned from the following initiatives were presented during the marketplace:
 - ▶ Sector Dialogues Energy and Automotive Industry (Germany)
 - ▶ Fair Wear Foundation (Netherlands)
 - ▶ Ethical Trading Initiative Sweden
 - ▶ Social and Economic Council of the Netherlands
 - ▶ Netherlands Enterprise Agency
 - ▶ UN Global Compact Network Germany
 - ▶ Platform for Multi-Stakeholder Partnerships for the Implementation of the 2030 Agenda
- Engagement in an MSI can be costly and time-consuming for all stakeholder groups – but **MSIs offer a high return on investment**. Collaboration in MSIs can lead to efficiency gains and increased effectiveness. This is due to the streamlining of processes and pooling of resources and expertise on the one hand, and greater acceptance of measures and higher leverage on the other. Both companies and rights holders therefore benefit from multi-stakeholder partnerships.
- **CSDDD explicitly mentions MSIs as a support instrument for companies.** Businesses can make use of relevant risk analysis or effective appropriate measures developed in such initiatives (CSDDD art. 20, 4). They can also use MSIs as platforms for meaningful stakeholder engagement (CSDDD art. 13, 6). Yet, **MSIs do not limit a company's liability** (CSDDD art. 29, 4). They act as a catalyst by supporting a company's individual due diligence and enabling collective action. However, it remains the company's own responsibility to assess the suitability of an MSI, to engage proactively, and to measure the effectiveness of joint measures.
- **The Commission's guidance on assessing the fitness of MSIs is eagerly awaited** in order to create a common understanding of high quality MSIs and to manage the expectations of different stakeholders. Fitness criteria should address the governance structures of an MSI in terms of representation, transparency and accountability, as well as the scope and impact of its activities.
- **In order to engage different stakeholder groups on equal footing**, MSIs need robust and transparent governance structures, which also address power imbalances. In addition, **MSIs should also be able to involve rights holders** or their legitimate representatives in order to incorporate perspectives of those directly affected.

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- **MSIs need governmental backing.** Experience from Germany, the Netherlands and Sweden shows that political support is crucial to facilitate dialogue and create sustainable structures for MSIs. Support can range from initiating exchange, facilitating partnerships, supporting civil society or co-financing activities. It is particularly helpful in redressing power imbalances between stakeholder groups.
- **Transitioning from dialogue to action** is crucial for the credibility of MSIs. Often, MSIs focus on learning and exchange between stakeholders, while holding the potential to increase leverage through collective action. By engaging companies in local activities and monitoring the effectiveness their activities, MSIs can increase the impact for rights holders.
- **Team Europe approach:** The European Commission is collaborating with Member States on accompanying measures. A first example is the EU Helpdesk, which will be established in 2025 by the Team Europe Initiative on Sustainability in Global Value Chains. It will advise different stakeholder groups, e.g. rights holders and companies from producing countries, as well as MSIs.



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From left to right: Minu Hemmati (Facilitator), Mark Jacobs (Director, Department International Trade Policy and Economic Governance, Government of the Netherlands), Marc-André Bürgel (Head of Social Compliance, Mercedes-Benz Group; Sector Dialogue Automotive Industry), Sarah Guhr (Policy Advisor Corporate Accountability and NGO Coordinator Sector Dialogues, Germanwatch), Thorsten Pinkepank (Director Corporate Sustainability Relations, BASF; Chair of the Board of the UN Global Compact Network Germany), Romy Siegert (Trade Union Officer in the Global and European Trade Union Policy Division, IG Metall Headquarters), and (via video) Cecilia Ekholm (Ambassador for Sustainable Business, Ministry of Foreign Affairs, Government of Sweden)