
JOINT STATEMENT



Responsible Business Helpdesks (RBH) inform, sensitize, and advise companies in their respective countries on CSDD regulations and sustainable supply chains. The RBH are hosted by local business organisations and are part of a global network.

The RBH Network – steered by GIZ GmbH

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Joint Statement of The RBH Network:

Key messages for a successful and fair implementation of Corporate Sustainability Due Diligence (CSDD) in global supply chains

Context

The number of regulations and policies making Corporate Sustainability Due Diligence (CSDD) mandatory is growing, aiming at reducing risks and negative impact of business operations for humans and the environment worldwide. The intended effects of CSDD, as defined by the United Nations and operationalized by OECD, present opportunities and benefits to companies and communities. There are strong indications that suppliers who apply a CSDD approach can improve their market access and build stronger relationships with buyers. Setting up a robust management system to monitor and improve the companies' performance on social and environmental dimension presents one element to enhance competitiveness, professionalization, and export-readiness, especially of small- and medium-sized enterprises. Local communities benefit from improved working conditions and a healthier environment. At the same time, it is important to acknowledge that the implementation of CSDD represents a significant transition process for supply chain partners, which comes with its own set of challenges.

About this Statement

In this Joint Statement, we – six business associations and chambers of commerce from five countries¹ and members of The RBH Network – are postulating five key messages for successful implementation of HREDD in production countries. As members of The RBH Network, we are representing more than 300.000 companies worldwide coming from various sectors such as textiles & garment, automotive, electronics, chemicals, energy, mining or agriculture. Our call for action is directed at regulators and buying companies, urging them to shape the enforcement of existing and future legislation in a way that focusses on effectiveness and the principle of shared responsibilities.

We believe that it is essential to engage in an open and honest conversation about the benefits and challenges of the implementation of CSDD in some of the key production countries of global supply chains. Based on our first-hand experience in working with local suppliers, the RBH Network members have formed a joint position on what is necessary to ensure a successful implementation of CSDD in global supply chains.

The RBH Network

Responsible Business Helpdesks (RBH) inform, sensitize, and advise companies in their respective countries on CSDD regulations and sustainable supply chains. The RBH are hosted by local business organisations. Joint learning, support and information exchange is ensured through the RBH Network, which all RBH are members of up to now (17.09.2024), more than 1,300 suppliers used the information and advisory services of the members of the RBH Network and over 4,000 stakeholders participated in over 90 RBH seminars, dialogues or trainings.

For more information see: [Responsible Business Helpdesks – Factsheet](#)

¹ Bangladesh, Cambodia, Serbia, Tunisia, Türkiye

Key Messages

1 Implementation of CSDD as a shared responsibility so that costs and burden are distributed fairly among supply chain partners

In addition to legal requirements of the state, many buyers request adherence to social and environmental standards from their supply chain partners, e. g. through Codes of Conduct, whose compliance is often secured and verified through contractual arrangements, supplier questionnaires, or audits. This practice tends to shift the risks and cost of compliance to suppliers and has proven largely ineffective to address the root causes of shortcomings². To achieve the common goal of reducing negative impact on people and the environment, there is an urgent need to raise awareness among all supply chain partners that CSDD requires fair collaboration and goes beyond purely risk-diverting and top-down measures that in practice often lead to duplications and redundancies. Understanding that CSDD is not an additional standard set by buyers but a systematic management approach and can only be reached in a collaborative effort for the benefit of all partners requires a significant change of paradigms along the entire supply chain. The RBH Network promotes a shared responsibility approach among stakeholders in production countries, and this awareness is needed among all stakeholders involved.

➔ *(Recommendation 1.1.) We urge regulators to enforce and buyers to promote an understanding of CSDD that entails the concept of “shared responsibility”, especially a fair sharing of costs and burdens.*

Improving working conditions and mitigating environmental impacts does not come without a cost for suppliers. Adjusting wage levels to pay a living wage or upgrading machinery to reduce CO₂-emissions are just examples of measures that require significant short- and long-term financial investments. Suppliers are often required to devote much time and resources to provide buyers with information about their operations and to be externally audited as a means of verification. The repeated and partly redundant efforts required by manufacturers to meet the demands of each of their customers divert resources that could otherwise be invested into meaningful improvements of working conditions³. We strongly welcome that the forthcoming EU Corporate Sustainability Due Diligence Directive (CSDDD) requires buyers to cover the expenses for independent third-party verification for SMEs, contributing to a fairer distribution of costs for compliance⁴.

2 Address social and environmental risks through purchasing practices

The ability of suppliers to meet expectations and social and environmental standards is often influenced by the purchasing practices of buyers. In the apparel industry, for example,

“For many supply chain partners, HREDD is still seen as an additional set of requirements that is implemented in order to fulfil the wishes of the client.” - One of the RBH-Hosts

manufacturers are commonly pressured to provide low-cost and extremely flexible production, while at the same time ensuring that social (and environmental) standards are upheld⁵. In line with a shared responsibility approach to CSDD it is therefore key that buying companies assess how their purchasing practices, such as pricing and lead times, are linked to the labour and environmental risks at suppliers. We want to emphasize that the new

² See also: Kuruvilla (2021): Private Regulation of Labor Standards in Global Supply Chains - Problems, Progress, and Prospect

³ See also: [STAR Network \(2024\): Addressing Audit Fatigue: Facts, Challenges, and a Call for Action](#)

⁴ [EU Corporate Sustainability Due Diligence Directive](#), Art. 10.5; Art. 11.6

⁵ See also: [Sustainable Terms of Trade Initiative \(2022\): White Paper on the Definition and Application of Commercial Compliance](#)

directive recognizes the importance of purchasing practices in the forthcoming CSDDD⁶. An important tool for risk sensitive purchasing practices is the implementation of responsible contracts that define the responsibilities of both the supplier and the buyer in CSDD alike. Such contracts⁷ acknowledge contributions as well as joint efforts needed by both parties to address emerging risks and impacts rather than being punitive.

- ➔ *(Recommendation 2.1.) Buyers should apply responsible purchasing practices and base their commercial relationships on mutual trust, respect, transparent communication, and sustainable terms of trade.*
- ➔ *(Recommendation 2.2.) Regulators should promote the use of contract clauses and enforce their compliance. Within these clauses, the principle of 'sustainable costing' shall be established.*
- ➔ *(Recommendation 2.3.) Regulators should promote, use and scale existing standards on responsible purchasing practices.*

3 Promote collaboration and continuous improvement, rather than de-risking and swift disengagement

The increase in CSDD regulation carries a significant risk that buying companies will seek to withdraw from countries to avoid risks. While this is often quite challenging looking at it from the pure business side, this could also have far-reaching negative impacts on suppliers and communities in countries categorised as "higher risk". As stated in the forthcoming CSDDD and international frameworks on business and human rights, disengagement from a supplier should always be only a "last resort" when severe violations cannot be addressed otherwise⁸. Preventive measures need to be introduced by both companies and enforcement agencies to minimize the risk of sudden disengagement.

- ➔ *(Recommendation 3.1.) Buyers need to be aware that CSDD is not about ensuring that all supply chains are without risks but about knowing and disclosing risks, continuous learning and improvement as well as supporting partners to adapt to CSDD.*
- ➔ *(Recommendation 3.2.) Policy makers should ensure that withdrawal as a "last resort" is enforced and provide more guidance on responsible exit and terms of disengagement, that protect suppliers from abrupt consequences.*

4 Empower suppliers to develop their own sustainability strategies and approaches to HREDD

Compliance-driven approaches to CSDD often result in buyers imposing requirements on suppliers and demanding contractual assurances that their supply chains are without any such risks. This approach does not reflect reality in any part of the world and does not allow for shortcomings or continuous improvement. Instead of engaging in a transparent and outcome-oriented dialogue, some suppliers are left to hide risks in order to maintain orders.

Capacity building of suppliers is required to enable them to understand and speak the language of

⁶ EU Corporate Sustainability Due Diligence Directive, preamble 46, 54 requires companies to "develop and use purchasing policies that contribute to living wages and incomes for their suppliers, and that do not encourage potential adverse impacts on human rights or the environment"

⁷ <https://www.responsiblecontracting.org/smcs>

⁸ Ibid. Art. 11.7

CSDD as well as establishing transparent and trustful communication between buyers and suppliers. This starts by understanding what the risks of the business are and at what kind of measures the company wants to take in the short-term and long-term to address these. The RBH Network empowers suppliers to develop their own approach to CSDD by providing information, advice and access to experts.

- ➔ *(Recommendation 4.1.) To ensure an effective implementation of CSDD, suppliers need the flexibility to be able to develop their own sustainability strategies and communicate with buyers on CSDD on an equal footing.*
- ➔ *(Recommendation 4.2.) Policy makers should provide further support on CSDD for production countries, especially for public authorities and the private sector.*

5 Ensure policy coherence and consistent communication on legal requirements

With an evolving regulatory landscape in Europe, buyers and suppliers alike are faced with a multitude of new, and sometimes differing requirements. Companies, especially from producing countries, are partly overwhelmed and confused by the interplay of certain regulations on the EU level.

It is important to acknowledge that both buyers and suppliers are in the process of untangling those requirements. Understanding the essence of such regulations, how they relate to our own legal frameworks, and implementing the right measures, requires time and resources.

- ➔ *(Recommendation 5.1.) Regulators from the EU should clarify overlaps and the interplay of new supply chain regulations and communicate in a coherent manner.*
- ➔ *(Recommendation 5.2) Regulators should ensure alignment between EU legislations on CSDD and legislation of other countries for a more harmonized international landscape of legislations.*

“The implementation of HREDD is a multifaceted challenge that demands coordinated action from political decision-makers, donor organizations, and economic actors. Only through collaboration and shared responsibility can we achieve meaningful and sustainable outcomes in the global effort to protect human rights and the environment.” - One of the RBH-Hosts

A CALL TO ACTION – We call on governments to incorporate the above recommendations into their technical implementation guidelines, future legislation or funding requirements, and on businesses to incorporate these elements into their due diligence measures and bring meaningful and mutually beneficial CSDD to life.

As members of The RBH Network, we stand ready to raise awareness and inform on the evolving regulatory landscape on sustainable supply chains and support the businesses in our countries.

Signatories



RBH Cambodia

*20 September 2024
Phnom Penh*

(Place, Date)



MARTIN BRISSON

(Name)



RBH Bangladesh

Dhaka - 01 October 2024

(Place, Date)



Fazlee Shamim Ehsan,
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(Name)



RBH Bangladesh

Dhaka, 10.10.2024

(Place, Date)



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RBH Serbia

Belgrade, 01.10.2024

(Place, Date)



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RBH Tunisia

24/10/2024

(Place, Date)



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RBH Türkiye

Istanbul, 11.10.2024

(Place, Date)

TURKONFED

Arda Batu, Secretary General

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