



Federal Ministry
for Economic Cooperation
and Development



Partners in
Transformation
Helpdesk Business
and Human Rights

28 May 2024

Strengthening the role of the private sector in combating human trafficking and labour exploitation in supply chains

OSCE / Council of Europe conference, Sofia, Bulgaria

Implemented by

KFW DEG Impulse

In Cooperation with

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

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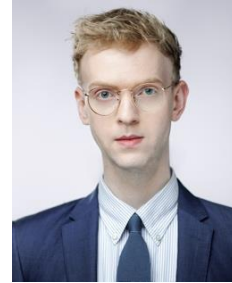
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The Helpdesk on Business and Human Rights

Offer of the Federal Government

The Helpdesk is financed by the German Federal Ministry for Economic Cooperation and Development (BMZ).

Support offer for companies and associations

The Helpdesk offers you an:

- Initial consultation
- Referral advice
- Awareness raising on the topic of business & human rights



What we do



Free-of-charge advice

- Advice on implementing human rights due diligence
- For companies and business associations
- Advice on funding and financing instruments

Training programs

- Customized training programs for companies
- Support in developing own training programs
- E-learning: [Introduction to business and human rights](#)

Events

- Fostering dialogue between business, politics and civil society
- Online seminars

Online services

- [SME Compass](#): Practical online tool for human rights due diligence
- [CSR Risk Check](#): Online tool for global risk assessment (available in English here)
- [Business & Human Rights Navigator](#)

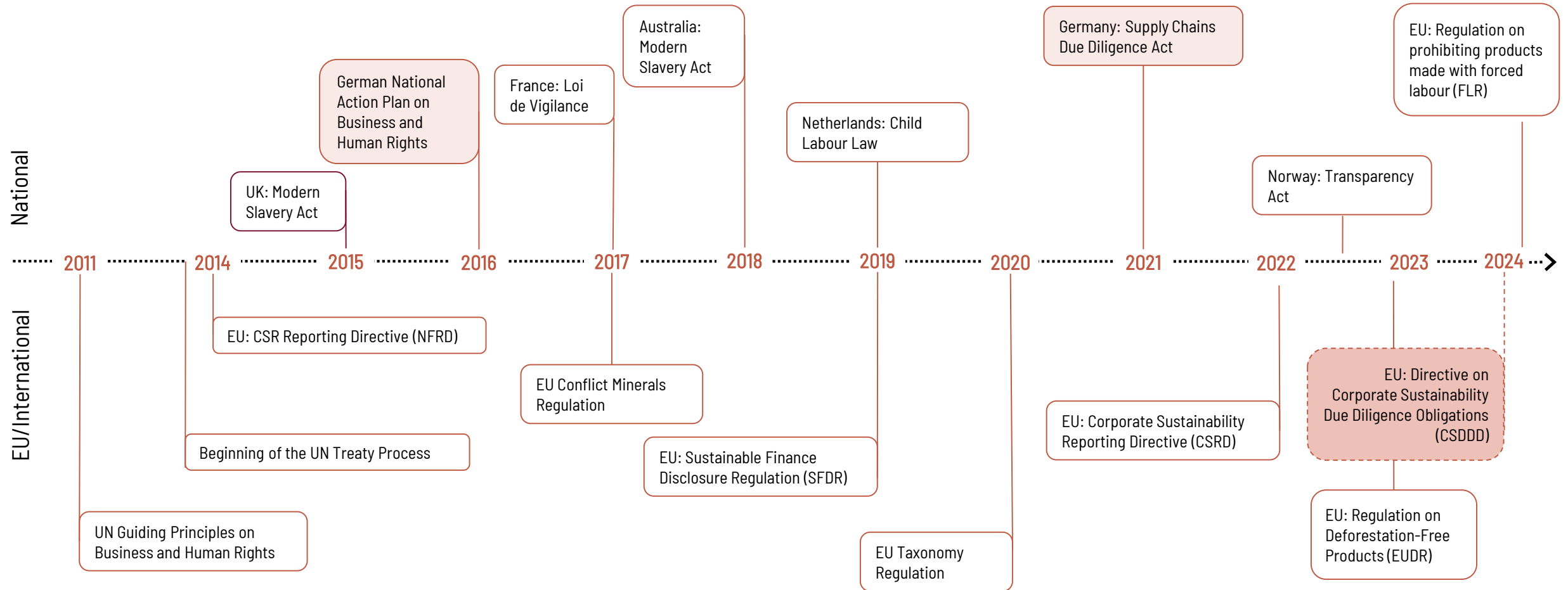
Regulatory Developments

On National and International
Level

From voluntary to binding



Global legal and political developments*



*selection

Key points of the CSDDD



Risk management system

Strategy and implementation, risk analysis, preventive and corrective measures including remediation, stakeholder engagement, complaints and notification procedure, monitoring, and communication

Plan to combat climate change

Due diligence obligations

In the chain of activities: upstream value chain and distribution, transport, and storage

Own operations, all subsidiaries and business partners

Material scope of the due diligence obligations

Due diligence obligations in relation to certain human rights and environmental obligations

Obligations of means – not of guarantee

Support for companies

Support for obliged companies, SMEs, and other actors

Civil liability

Liability for damages caused by the failure to take preventions or remedial measures

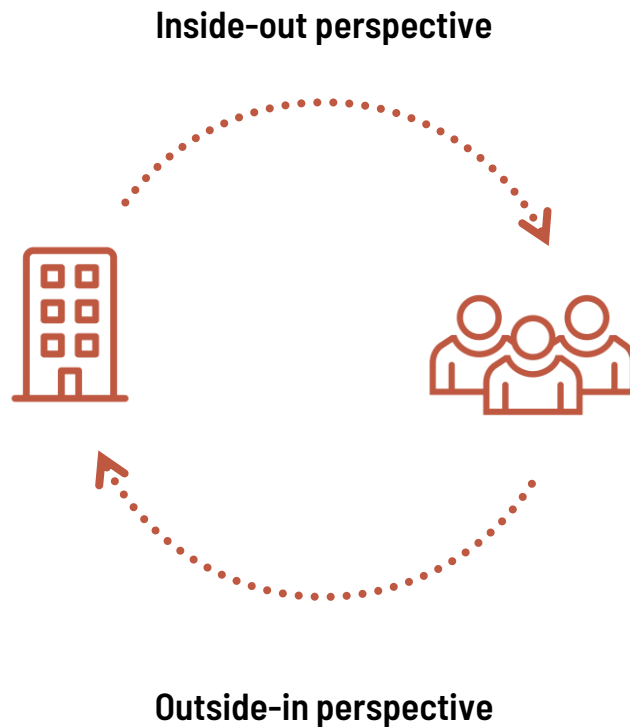
Liability for own due diligence obligations, no liability for the actions of third-parties

Control and sanctions

Supervisory authorities of the members states need to be equipped with adequate resources and powers

Pecuniary penalties depending on the circumstances of the case in relation to the company's turnover

Change of perspective...



Focus: Vulnerable groups

- What are the effects of the company (core activities/procurement) on the surroundings (environment/people)?
- Child labour/payment/worker's rights/etc.

Focus: Company

- Classic risk management: What are the effects of surroundings on the company?
- Market, liquidity, reputational risks etc.

Obligated companies



EU-companies

- At least 1,000 employees and annual turnover of at least 450m euro globally
- Turnover from franchise or licensing agreements of at least 22.5m euro and annual turnover of at least 80m euro globally
- Ultimate parent companies if the employee- and turnover-thresholds are met in the group



Non-EU-companies

- Annual turnover of at least 450m euro in the EU
- Turnover from franchise or licensing agreements of at least 22.5m euro and annual turnover of at least 80m euro in the EU
- Ultimate parent companies if the employee- and turnover-thresholds are met in the group



Employees are calculated on a full-time equivalent basis
Temporary agency workers and other
workers in non-standard forms of employment included



Chain of activities, Article 3(1)(g)

Direct and indirect business partners

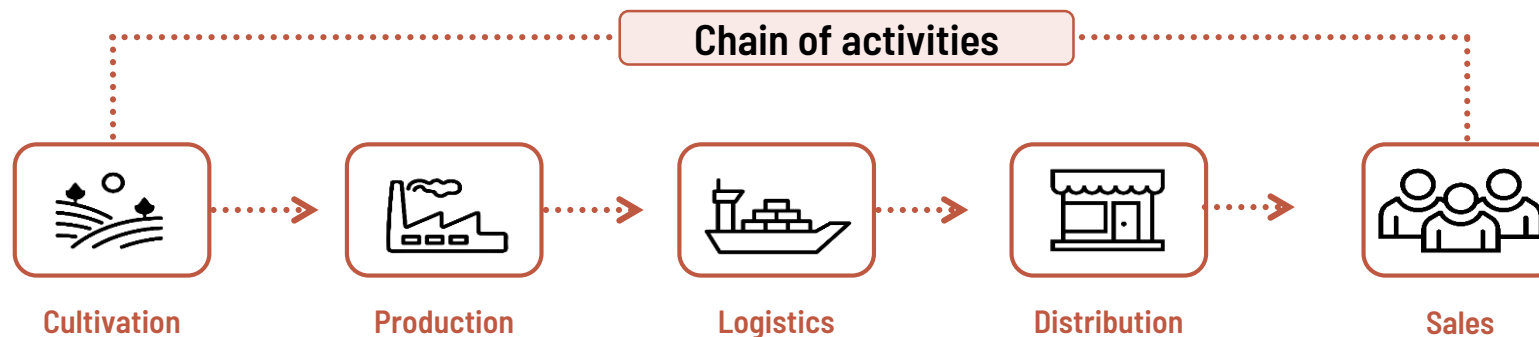
- Direct and indirect business partners are part of the chain of activities
- Differences possible in relation to preventive and corrective measures because of ability to influence and contributions

Own operations and subsidiaries

- Controlled subsidiaries always part of the chain of activities

Downstream

- Only: distribution, transport, and storage if for or on behalf of the obliged company



Distribution, transport, and storage of products according to the EU-Dual-Use-Regulation not part of the chain of activities

Source: own diagram



Appropriateness, Article 3(1)(o)

Due diligence measures must be

- **capable** of achieving the objectives of due diligence by effectively addressing adverse impacts
- commensurate to **severity** and **likelihood of occurrence** and
- **reasonably available** to the company, taking into account the circumstances of the specific case

Prioritisation

- only according to severity and likelihood of occurrence

Appropriateness of preventive and corrective measures

- Consideration of ability to influence and contributions



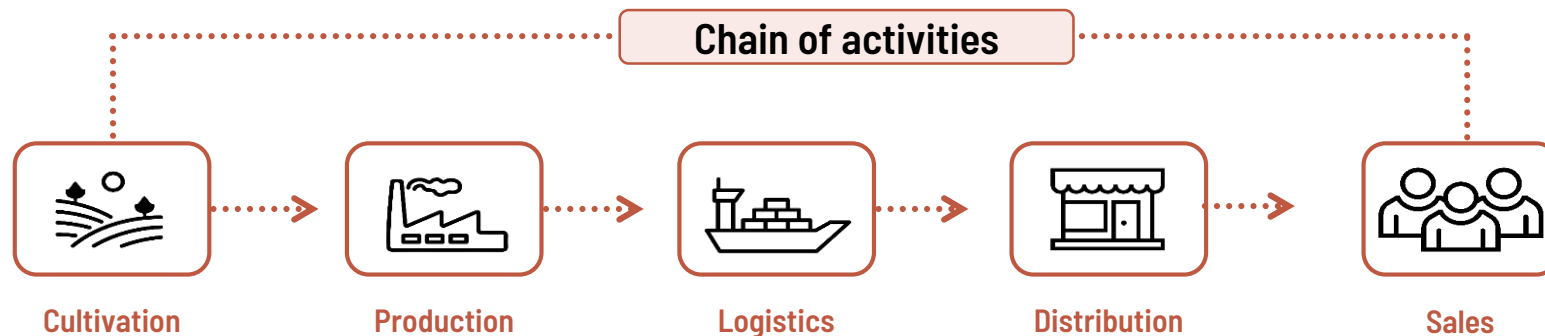
Relevant for risk analysis, preventive and corrective measures, and stakeholder engagement



Collaboration between obliged companies are their business partners

Obliged companies must implement due diligence in their chain of activities: Effects on companies outside the scope

- Obligated companies need collaboration or acceptance of business partners to implement certain due diligence obligations
- Mere transfer of obligations not appropriate, instead: shared responsibility
- Risk analysis: Prioritisation of requests for information from business partners where negative impacts are most likely to occur
- Protection of trade secrets



! Also with the CSDDD: no risk-shifting

Source: own diagram

Support and relief measures



Support for obliged and other companies

- Model contract clauses (contractual assurances)
- No risk-shifting of due diligence obligations
- General and sector-specific guidelines as well as guidelines in relation to specific negative impacts
- Guidelines on fitness criteria and methods to assess the auditors, and guidelines to monitor accuracy, effectiveness, and integrity of audits, fitness criteria and methods to assess initiatives
- Single Helpdesk of the Commission
- Member states shall provide website, platforms etc.; Commission can provide additional support offers
- Protection of trade secrets
- In relation to the risk analysis: Prioritisation of requests for information from business partners where negative impacts are most likely to occur

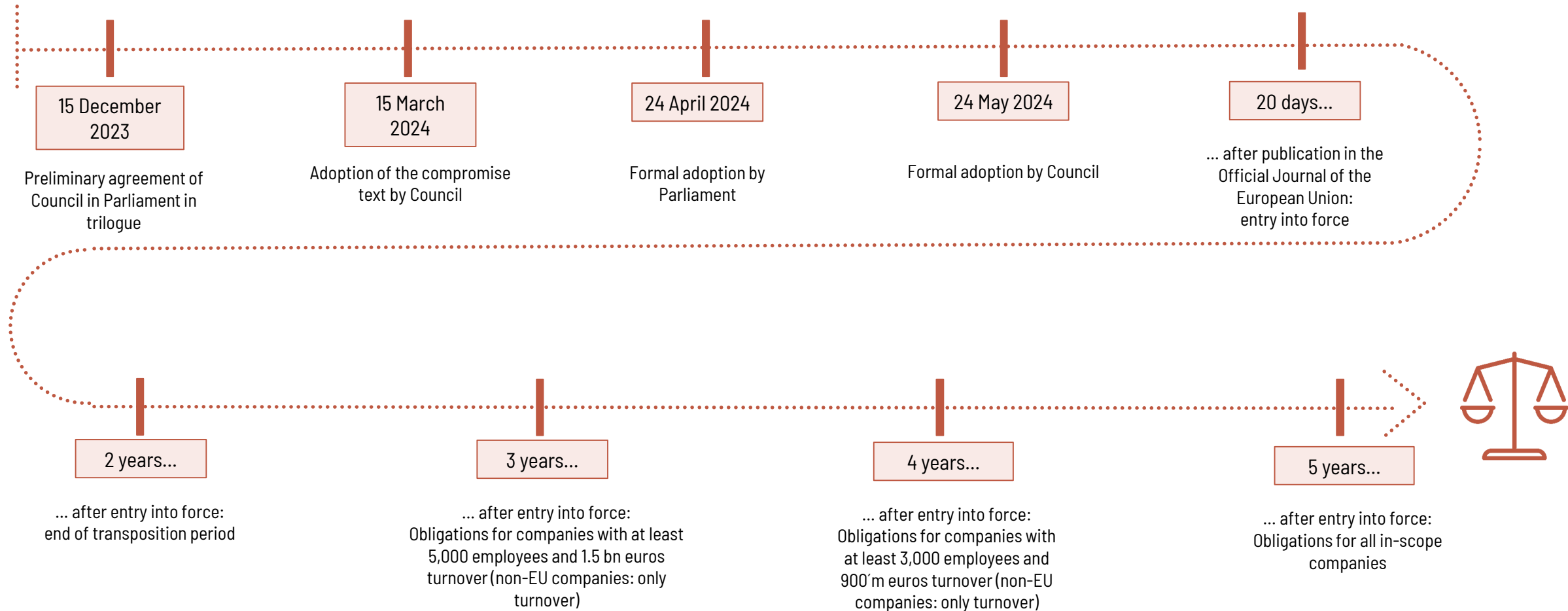
Support and relief measures



Special support for SMEs

- Support for SMEs expected from member states, financial support possible in accordance with State aid rules
- Protection from disproportionate requirements
 - Contractual assurances from SMEs must be fair, reasonable, and non-discriminatory
 - SMEs should not cover costs for audits, SMEs should be able to use audit documents if agreed or they partially cover the costs
 - Assessment if further support is necessary
 - SMEs should not cover costs for audits, SMEs should be able to use audit documents if agreed or they partially cover the costs
 - Appropriate financial support of suppliers, especially if compliance would jeopardise the viability of the SME

Timetable: Road to the CS3D



(May 2024)

Thank you very much for your attention



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