

Indian Council for Research on International Economic Relations

Closed Door Stakeholder Consultation - Understanding the Impact of EU
Sustainability Standards on Indian Agri-Product Exports

Navigating Collaborative Pathways of Sustainability & Regulations: **A CRB+EUD Partnership & Experience**

 21 May 2025 |  India Habitat Centre, New Delhi



European Union (EU) Corporate Sustainability Due Diligence Directive (EU CSDDD)

A Brief Introduction

Disclaimer: The CS3D is still evolving as a legislation in light of the Omnibus package which was announced over a month ago. Hence this presentation is to be considered an academic observation of the Legislation.

- **About Centre for Responsible Business**
- **Context**
- **Evolution of International Policy Timeline**
- **EUCS3D**
 - ◆ Overview
 - ◆ Objectives
 - ◆ Scope
 - ◆ Obligations for Companies
 - ◆ Mechanisms & Safeguards
 - ◆ Reporting Disclosures
- **Implications on the Indian industry/supply chain**
 - ◆ CS3D in the Indian context – CRB Experience
 - ◆ CRB findings : Identifying 5 typologies of alternative collaborations
 - ◆ Measures adopted by Indian Suppliers/Manufacturers: aligning with CS3D
 - ◆ Recommendations to the Govt to strengthen multistakeholder partnerships and engagements

- CRB has been established as a think tank to promote the understanding among relevant stakeholders on social, environmental and economic sustainability issues – thereby leading to the achievement of Sustainable Development Goals (SDGs).
- Pursuing the above purpose, the organisation carried out action and policy research; contributed towards building capacity and expertise; and convening multiple stakeholders to find solutions to complex sustainability challenges in India and beyond.
- The organisation has been actively partnering with various ministries and agencies of the government of India; academic institutions; civil society organisations; industry associations; business etc. to contribute towards measurable positive impacts on people, environment, communities and livelihoods.

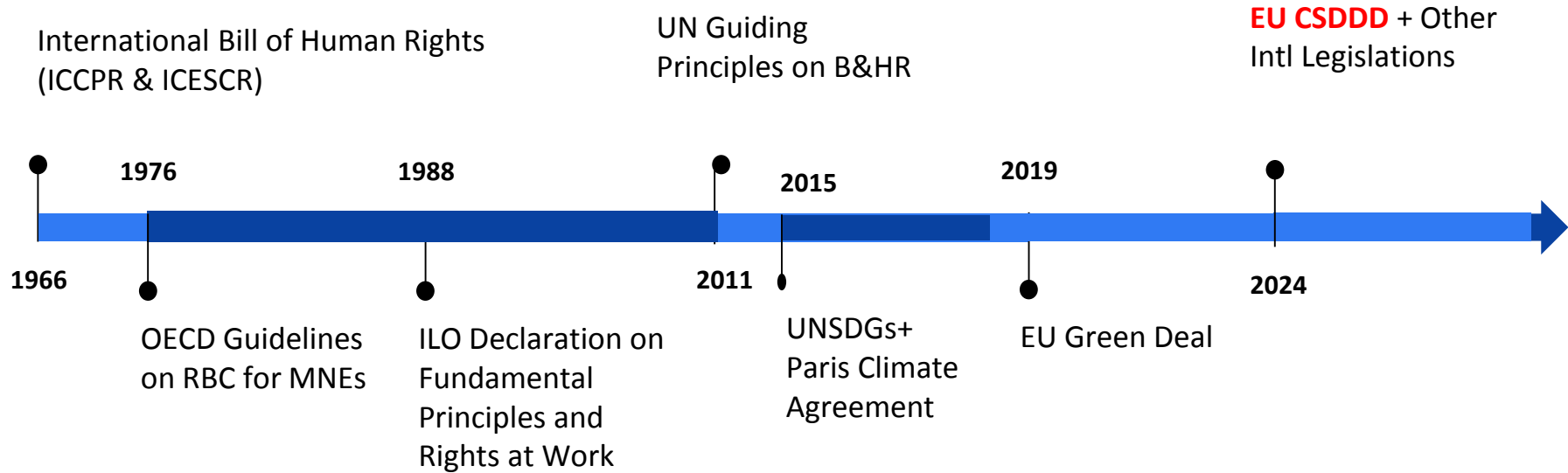
→ **Evaluating the EU-India partnership in the context of:**

- ❑ Overall trade between the two partners: **Bilateral trade in 2023: €124 billion (Goods); €60 billion (Services)**
- ❑ **Emphasis on SDG/Sustainability development** through: EU-India Strategic Roadmap 2025; February 2025 Joint Declarations by both leaders; EU's Global Gateway program; Trade and Technology Council
- ❑ **Engagement with EU & Indian Stakeholders** assessed based on industry's context to relevant regulations
- ❑ Regulations notwithstanding, collaborations between both sides, on **furthering sustainable and green initiatives are increasing**

→ **CRB & Delegation of the European Union to India:**

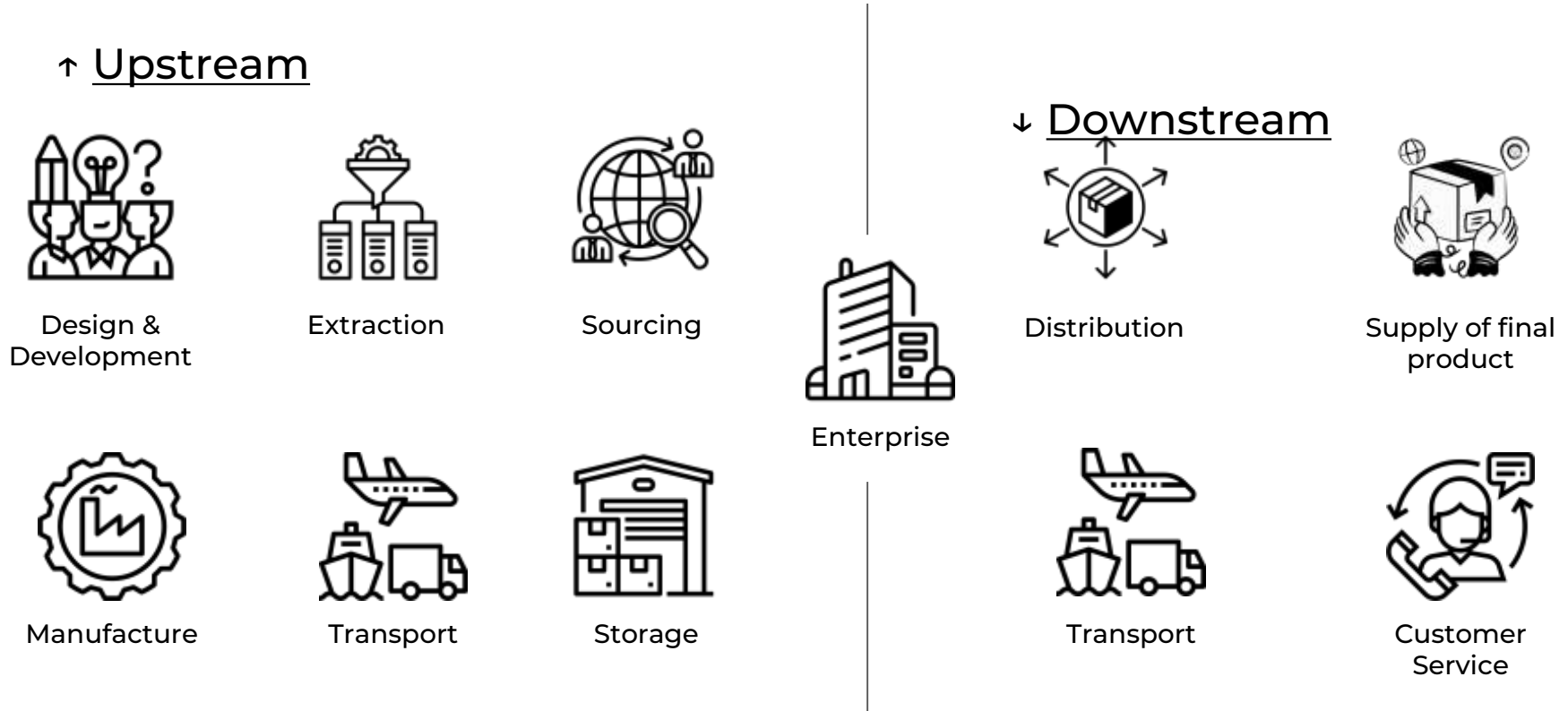
- Longstanding partnership** of nearly 5 years – undertaken research and studies
- Evaluating the role of private sector and realising the vision of G2G commitments**
- Facilitating deliberations & discussions** between stakeholders on both sides to **enable better understanding of policies, regulations and impacts**

Evolution of International Policy Landscape



On **25 July 2024**, the **Directive on corporate sustainability due diligence** ([Directive 2024/1760](#)) entered into force. The **aim of this Directive is to foster sustainable and responsible corporate behaviour in companies' operations** and across their global value chains. The **new rules will ensure that companies in scope identify and address adverse human rights and environmental impacts of their actions inside and outside Europe.**

Scope of the CSDDD: Which activities are affected?



* For Downstream activities, 'for the company' or 'on behalf of the company' is only covered

EUCSDDD: Objectives

- Promote a **sustainable and fair** economy and society.
- Ensure **companies integrate sustainability** aspects (including climate goals) into their operations.
- Create a **harmonised EU legal framework** for due-diligence on **human rights** and **environmental impacts**
- **Improve** risk management, resilience, innovativeness, and competitiveness of companies.

Industries under the ambit of CS3D: According to the EU it applies to **large EU limited liability companies & partnerships: +/- 6,000 companies, turnover exceeding EUR 40 million (net) worldwide; large non-EU companies: +/- 900 companies, turnover exceeding EUR 40 million (net) in EU;**

Industries under CS3D: manufacturing, services, wholesale and retail; **high risk sectors:** **agriculture**, textile, extractives industry, given the higher supply chain risks as these have increased potential for adverse impacts on human rights and the environment.

Scope of the CSDDD: What does the Directive aim to protect?

→ Human Rights Impacts



→ Environmental Impacts



Scope of the CSDDD: Who is Covered?

	2027	2028	2029
EU Companies	>5,000 employees	>3,000 employees	>1,000 employees
	>€1,500 million net worldwide turnover	>€900 million net worldwide turnover	>€450 million net worldwide turnover
Non-EU Companies	>€1,500 million net turnover in EU	>€900 million net turnover in EU	>€450 million net turnover in EU

- 6,000 – 7,000 companies meet CS3D criteria; of which approx. 4,200 will be covered by CS3D; of these 3,400 companies are based in the EU
- Only large companies are included, not European SMEs
- Suppliers of those companies are indirectly affected.
- Corporate groups meeting the specified thresholds on a consolidated basis are within the scope of the Directive.
- Franchisors/Licensors must meet specific conditions and thresholds related to common identity, business concept, and revenue generation to fall under the obligations of the Directive.

Obligations and Practical Measures for Companies

01

Integrating Due Diligence into Corporate Policies

Incorporate due diligence into risk management systems and corporate policies.

Align policies with human rights and environmental standards.

02

Identifying and Prioritising Adverse Impacts

Focus on human rights and environmental impacts across the business operations, subsidiaries, and business partners' activities.

Prioritise based on severity and likelihood of the impacts.

03

Address Negative Impacts

Implement prevention and mitigation strategies.

Provide remedies for affected parties.

04

Stakeholder Engagement and Complaints Procedure

Engage with stakeholders regularly throughout the due diligence process, particularly during impact identification.

Establish and maintain a clear complaints procedure and notification mechanism.

05

Business Relationship Management

Monitor the effectiveness of due diligence measures.

Suspend or terminate business relationships as a last resort.

*Companies need to communicate publicly on their due-diligence

*Sanctions and civil liability may be imposed if companies fail to comply with the due-diligence duties outlined in the Directive.

Enforcement Mechanisms and Safeguards

Administrative Enforcement Regime

- Ensure compliance with due diligence duties.
- Adopt measures to support implementation,
- EU helpdesk

Civil Liability Regime

- Address adverse impacts and provide remedies
- Access to remedy for victims of abuses.
- Accountability.

Enforcement with Respect to Third-Country Companies

- Third-country companies operating within the EU market will come under this purview.
- Must comply with the due diligence obligations.
- Level playing field for all companies operating within the EU, regardless of their origin.

Reporting of Disclosures

- Reporting requirements similar for EU and non-EU companies within scope.
- CSDDD complements Corporate Sustainability Reporting Directive (CSRD).
- Companies subject to the CSRD will report according to the European Sustainability Reporting Standards (ESRS).
- Non-EU Companies in scope of CSRD shall follow CSRD reporting disclosures

- The **CRB engagement with Stakeholders** over the last one year found:
- Between 15% - 17% stakeholders of EU & Indian businesses across 3 Indian states are **only familiar** with CS3D
 - Similar percentage spectrum of stakeholders is familiar with CBAM
 - CS3D, CBAM & EUDR are EU legislations covered and considered by CRB
 - There have been delays in the passing of these legislations & have been further stalled as a result of the Omnibus package

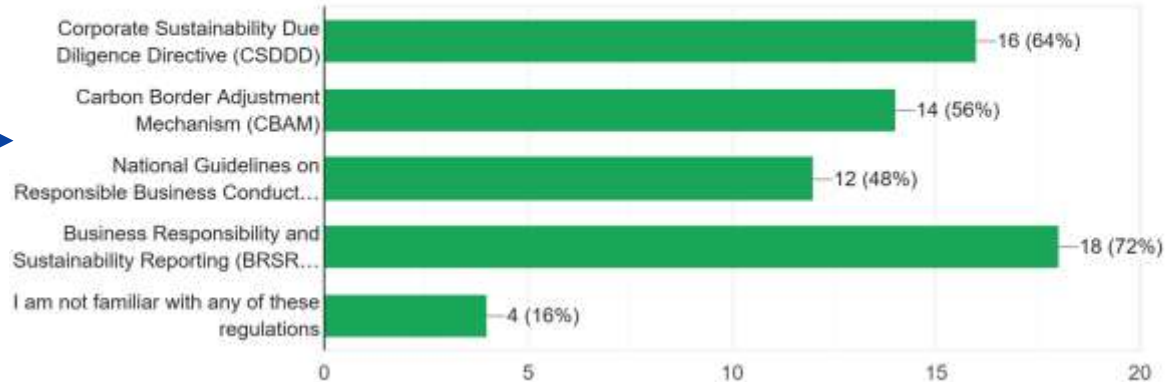
contd.



CS3D the Indian context – CRB Experience

- Concern rising amongst the percentage amongst stakeholders across these 3 states (24% - 50%) that is in the process of **implementing either one** of these legislations
- Approx. 50% of stakeholders in 1 or more of these states are either not familiar with any legislation or are not in the EU supply chain & **collaborate alternatively**

Which of the following sustainability-related regulations are you aware of? Select all that apply.
25 responses



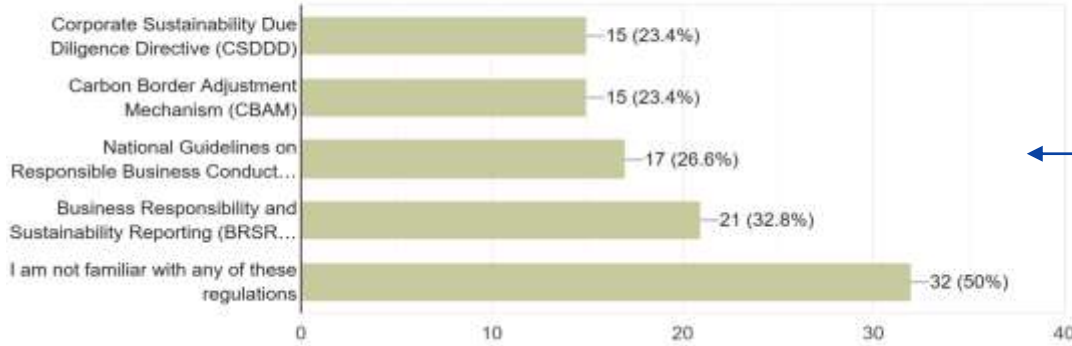
Pune



CS3D the Indian context – CRB Experience

Which of the following sustainability-related regulations are you aware of? Select all that apply.

64 responses

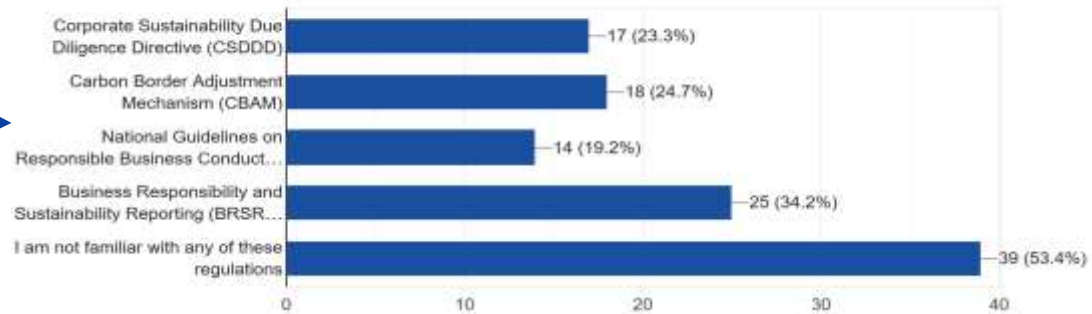


← Calcutta

Which of the following sustainability-related regulations are you aware of? Select all that apply.

73 responses

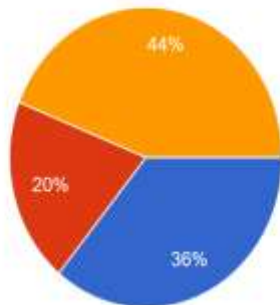
Bangalore →



CS3D the Indian context – CRB Experience

Is your organisation currently implementing or planning to implement any of these regulations?

25 responses

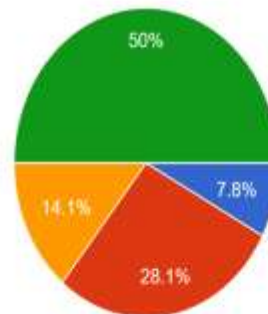


- Yes, we are currently implementing one or more of these regulations
- We are planning to implement one or more of these regulations in the near future
- No, we are not currently implementing or planning to implement any of these regulations

Pune ↑

Is your organisation currently implementing or planning to implement any of these regulations?

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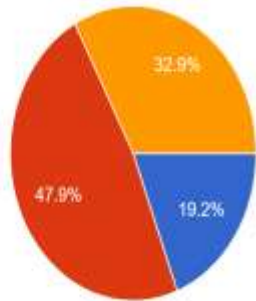
- Yes, we are currently implementing one or more of these regulations
- We are planning to implement one or more of these regulations in the near future
- No, we are not currently implementing or planning to implement any of these regulations
- Not sure

Calcutta ↓

CS3D the Indian context – CRB Experience

Is your organisation currently implementing or planning to implement any of these regulations?

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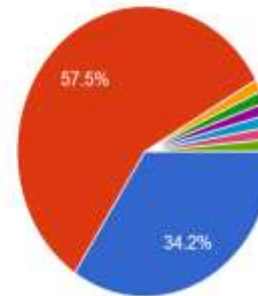


- Yes, we are currently implementing one or more of these regulations
- We are planning to implement one or more of these regulations in the near future
- No, we are not currently implementing or planning to implement any of these regulations

Bangalore

Are you currently in the Supply Chain/Value chain of any European Business?

73 responses



- Yes
- No
- University Partnership
- We are a solution provider delivering to EU customers as well
- We facilitate tech scaleup and market access for the European SMEs planni...
- Will start in 3 months
- our members are involved
- Not Directly

CRB findings : Identifying 5 typologies of alternative collaborations

- Alternative forms of collaborations: 5 pathways of collaborations achieving sustainability focussed goals
- **Not all forms of partnerships** are equally affected by CS3D
- While there are between 4,500-6,000 EU companies/businesses in India and **not all fall within the CS3D stipulations**
- It is difficult to state an exact percentage of Indian companies in India directly affected by CS3D
- As stated earlier: approx. 4,200 companies be covered by CS3D; of these 3,400 companies are based in the EU – hence the impact felt by the supply chain/partners will not be a significant number

- Proactively engage with EU buyers/brands for information and support
- Develop familiarity with the Indian NGRBC and BRSR
- Plan and Map Risks (Human Rights & Environmental) in all operations & supply chain
- Set preventive and corrective measures (including in Policy and Strategies)
- Verify compliances and Strictly monitor effectiveness of corrective measures
- Engage with suppliers/value chain actors proactively

CS3D & Indian Agriculture

- Relevant, as it impacts EU companies that source or trade agri commodities
- The aim of the CS3D is to ensure that these companies are aware of and address potential negative impacts on human rights and the environment throughout their supply chains
- Companies will need to understand risks associated with and conduct risk assessments with their agricultural supply chains to identify potential negative impacts on human rights and the environment in their agricultural supply chains
- The legislation applies to EU companies that source agricultural products, including tea, sugar, rice, spices and fruits and vegetables from India
- The directive also applies to companies involved in the trade of these products, even if the production is not directly within their own operations

- The legislation can encourage companies to adopt more sustainable agricultural practices such as:
 - responsible land use
 - water management
 - use of fewer harmful chemicals
 - benefiting the environment and local communities
- The legislation could promote greater transparency in agricultural supply chains, allowing for better monitoring of environmental and social impacts
- Meeting the requirements of the legislation can offer Indian producers and growers a competitive edge with access to EU markets

CS3D & Indian Agriculture: Challenges for the Agri Community

- Implementing the requirements of the legislation by way of monitoring and reporting will cost both large and small producers and growers equally
- Capacity building support in terms of understanding how to comply, including training on sustainable practices & access to resources
- There may be lack of information available to companies preventing them from conducting a thorough due diligence

Recommendations to the Govt to strengthen multistakeholder partnerships and engagements

- The legislation is evolving: presents an opportunity to engage with all sides together
- Disseminate a stronger understanding of NGRBC; BRSR in context of the EU regulation
- Develop robust mechanisms to address concerns of the supply chain
- SMEs will require greater handholding and access to financial support to comply with the regulation

Thank You

rijit@c4rb.in

anamika@c4rb.in

devosmita@c4rb.in

