



Fair Labor Association Comments on European Commission's Draft Company Sustainability Due Diligence Directive (CSDDD)

May 23, 2022

Fair Labor Association (FLA) commends the European Commission on the publication of the proposed Company Sustainability Due Diligence Directive (CSDDD). It is a significant milestone in the evolution of business and human rights. As one of the oldest international multi-stakeholder initiatives (MSIs) in the apparel industry, and increasingly in the agricultural sector, we welcome the opportunity to share our observations about the draft CSDDD.

We applaud the language included in Article 14, Paragraph 4 of the draft Directive which permits companies to “rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive to the extent that such schemes and initiatives are appropriate to support the fulfilment of those obligations.” FLA’s comprehensive human rights due diligence (HRDD) model, which holds companies accountable for upholding international human and labor rights laws, standards, and norms, can support business in fulfilling the CSDDD obligations. To strengthen the CSDDD, FLA recommends (1) that the final Directive include clear standards for those industry schemes and multi-stakeholder initiatives (MSIs) in Article 14, and (2) that the Directive clearly align with the established HRDD frameworks of the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines. In moving forward with any mandatory HRDD framework, it is critical to keep the words of the [UN Working Group on Business and Human Rights](#) in mind: “The prevention of adverse impacts on people is the main purpose of human rights due diligence. It concerns risks to people, not risks to business.”

As Dr. Dorothee Baumann-Pauly, Director of the Geneva Center for Business and Human Rights, and Isabelle Glimcher, an associate with Debevoise & Plimpton, observed in a June 2021 white paper on [Seeking a ‘Smart-Mix’: Multistakeholder Initiatives and Mandatory Human Rights Due Diligence](#): “MSIs are able to develop ambitious but practical standards reflecting the diverse constituencies at the table. The participants in these negotiations, with practical and industry-specific expertise, but divergent interests and perspectives, are jointly able to produce standards that are both realistic and ambitious. For example, the Fair Labor Association (FLA) has created the Principles of Fair Labor and Responsible Sourcing, applicable to the manufacturing and agricultural sectors, which validate the performance of a company around corporate governance and human rights due diligence systems. Similarly, the FLA’s Workplace Code of Conduct applies the International Labor Organization’s Core Conventions to the working conditions in factories and farms. The FLA standards and principles are revised regularly with the participation of all stakeholders.”

Standards for Article 14

FLA is an MSI comprised of an international network of companies, universities, and civil society organizations collaborating to ensure that millions of people working at the world's factories and farms are paid fairly and protected from risks to their health, safety, and well-being. Our three stakeholder groups are equally represented on our [board of directors](#). Founded in 1999, FLA uses an independent accreditation model to uphold internationally recognized labor rights standards and norms in the value chains of businesses. Through our comprehensive system, our global team of labor rights experts evaluate a company's systems for supply chain human rights due diligence and validates systems that are effective in protecting workers in factories and on farms. FLA Accredited companies include some of the largest footwear and apparel companies in the world (a full list of these companies is available [here](#)).

We encourage the CSDDD to include standards in Paragraph 4 of Article 14, specifying what would qualify an industry scheme or MSI to be "appropriate to support the fulfilment of" the obligations in Articles 5 to 11 of the Directive. Highlighted below are some of the key features rooted in international norms that have guided our work and that we believe should inform the final CSDDD:

- Governance – Each stakeholder group forming part of the MSI should have an equal role in the governance of the organization – equal representation on the board and an equal role in decision-making.
- Rigorous standards – The MSI's standards should be aligned with international law as well as any other relevant established international standards with the focus on always adhering to the highest standard should a conflict arise.
- Independent monitoring – Compliance with the MSI's standards should be evaluated independently rather than self-reported. In addition, the MSI should facilitate verification of any remediation done on non-compliances reported through the monitoring process.
- Transparency – Public transparency regarding a company's performance against standards is an important element to maintaining accountability of the MSI's members.
- Remedy – The MSI should have meaningful ways in which it can enforce compliance, including through providing members and affected parties access to remedy such as an operational level grievance mechanism.

Align with Established HRDD Frameworks

FLA firmly supports the foundational principle for Pillar II of the UNGPs, which states that businesses have an independent responsibility to respect human rights and that to do so they should exercise human rights due diligence to identify, prevent, mitigate, and account for how they address impacts on human rights. Furthermore, we support the objectives of the Sustainable Development Goals (SDGs,) and the European Union's objective to deliver on these goals, in part, through the CSDDD. The UNGPs, OECD Guidelines, and ILO Core Conventions provide useful and effective frameworks for drafting HRDD laws to enable business' contribution to achieve the SDGs. Companies that have taken the lead in implementing meaningful HRDD – including FLA Accredited companies -- have successfully done so using these frameworks, and we encourage the Commission to base the CSDDD in these well-tested models of accountability.

FLA's Accreditation program is aligned with the HRDD standards outlined in the UNGPs, OECD Guidelines, as well as the International Labor Organization's Core Conventions. It further operationalizes these standards by providing a roadmap for companies seeking to fulfill the highest labor rights standards in their value chains. As John Ruggie once [noted](#): "The gold standard among voluntary initiatives, I think, is the Fair Labor Association. It leads the way precisely because its Secretariat is encouraged and even mandated to cast a critical eye on performance and to recommend practical innovations—to stay focused like a laser on the effectiveness and legitimacy of the effort as a whole."

FLA Accreditation is a standards-based program that embodies our [Principles of Fair Labor and Responsible Sourcing](#), which define expectations for a company's own due diligence processes, and the FLA's [Fair Labor Code](#), which articulates standards for worker safety and well-being at factories and on farms. FLA Accreditation is comprehensive, starting at a company's headquarters and following its global value chain to ensure that the brand has policies, procedures, frameworks, and systems in place to support rights of people working throughout. [FLA Accreditation assessments](#), as well as all [FLA factory-level assessments](#), are conducted independently and are made available to the public to ensure transparency and public accountability.

The European Commission's draft Corporate Sustainability Due Diligence Directive represents a significant step forward in creating a strong platform for mandatory human rights due diligence. FLA encourages the continued strengthening of the CSDDD by clearly defining standards for the MSIs and industry schemes that support businesses. We also encourage the CSDDD to align with established international frameworks and accountability programs that rigorously uphold these frameworks. These two recommendations will help the CSDDD meet its intended goals – to establish "comprehensive mitigation processes for adverse human rights and environmental impacts in their value chains", integrate "sustainability into corporate governance and management systems," and frame "business decisions in terms of human rights, climate, and environmental impact."

FLA holds companies accountable for strong due diligence regarding labor rights in their value chains. We have more than two decades of experience operating as a joint stakeholder initiative to strengthen labor rights in the value chains of our member companies, and we welcome the opportunity to work with the Commission on this historic initiative.