

Sustainable Economies Due diLigence: good EXamples and the role of social dialogue

Project nr. 101126464

SUMMARY OF THE LAUNCH EVENT

31st January 2024

9.00 - 13.00

LES ATELIERS DES TANNEURS

Rue des Tanneurs 58-62 1000 Brussels

On 30th of January 2024 the SEDLEX project officially started with a partners-only kick-off meeting, hosted by the Brussels office of Legacoop and Confcooperative. The kick-off meeting has been followed by a public Launch Event on the 31st of January at the premises of Les Ateliers des Tanneurs. The public Launch Event took place with the involvement of 13 people, including invited guests and speakers from DG Grow and Cecop-Cicopa. All co-partner organisations – DIESIS Network (Belgium), KU Leuven (Belgium) and innova eG (Germany) were represented. The event was chaired by **Melinda Kelemen** (Project Manager, Diesis Network).

Melinda Kelemen welcomed the participants and opened the event. After introducing all the participants, Ms. Kelemen mentioned that the project had already started almost 4 months earlier. The partnership already submitted a few deliverables to the European Commission. Ms. Kelemen clarified that Leonardo Pofferi (Vice President, Cogeca) will not be able to attend the meeting.

Ms. Kelemen gave the floor to **Gianluca Pastorelli** (Executive President, Diesis Network). Mr. Pastorelli briefly spoke about the history of Diesis Network, as well as the aims of the organisation. Mr. Pastorelli also mentioned that the idea behind the Sedlex project was also to investigate a part of the social economy, which is rarely explored, namely large enterprises.

The next speaker **Giuseppe Guerini** (President of Cecop-Cicopa Europe) spoke in more detail about his activities as an EESC member and the activities of Cecop-Cicopa. Mr. Guerini mentioned that promoting the value of the social economy is important. Social economy is a very important part of the European economic system. It was a long way until the European Commission recognized the sector, and that the industrial policy, an ecosystem created for social economy and consumer decisions are important. In the European Economic and Social Committee, the partners are analyzing the proposal for relevant directives, such as the due diligence proposal. In general, the proposal is really an important step in setting a coherent legislative framework on sustainable corporate governance and due diligence, which promotes the respect of human rights as a duty for business and directors and which strives for a labor-paying field within Europe. Mr. Guerini also said that, in his opinion cooperatives,

when it is a talk about sustainability, cooperatives are born sustainable, because of the economical functioning, and also the principle of non-distribution of profit.

Ms. Kelemen gave a brief overview of the Sedlex project. The main idea of the project roots in the question - how social the big corporations are and how social large social economy organisations could be in terms of human values and other related principles. It was also said that mainstream companies feel the pressure to act beyond corporate social responsibility. One of the most interesting pieces of information related to the due diligence proposal came out last December that the financial services sector is sort of excluded from the proposal's scope.

Michael Ristaniemi (Legal and Policy officer, DG Grow) replied that the financial sector is actually largely within the scope. When it comes to their downstream activities, there are many reasons for the exclusion. From a technical perspective, the approach of the CSRD is not well-suited to all financial sector activities, such as for the investment activities of asset owners or asset managers.

After Mr. Ristaniemi's intervention, Ms. Kelemen continued with basic project information. The project runs from 1st of November 2023 until 31st of October 2025. The activities cover five countries - France, Germany, Italy, the Netherlands, and Spain. In these countries we can find more large enterprises in social economy. The project is foreseeing about 20-25 people events in Germany, Spain and the European peer learning event in Italy next year which means. For these European events the project partners would like to bring together social economy large organizations with the mainstream companies with the main aim that they can exchange experience and they might be learning from each other to adopt different best practices.

Laurène Thil (Researcher, KU Leuven / HIVA) gave a presentation outlining the details of the research for the project. The research is based on the hypothesis that social economy models are based on a culture that allows to achieve the full potential of corporate sustainability. Social economy entities are indeed value driven businesses. Based on desk research, semi-structured interviews and peer-learning events, partners will prepare national background reports and case studies. The result will be summarized in a final comparative report by the end of August 2025.

The meeting was then continued by **Mr. Ristaniemi's** presentation. Mr. Ristaniemi said that corporate sustainability law is sort of a meta-legislation, in EU jargon, regulating the process a company must undertake, without regulating the results, as such. Regulating value chains extraterritorially is another specificity, bearing in mind that most countries have domestic environmental law, and employment law, for instance. The concept of due diligence is important to bear in mind, originating from the work of the UN and the OECD. The proposed directive on corporate sustainability due diligence would establish a sector agnostic obligation for companies. There are also many other legislative proposals and legislation that draw on the notion of due diligence. In some it is explicitly mentioned, in some it is there without the term due diligence being mentioned. Overall, why the Commission has been active in this space for the past mandate, for the past years? The reason is the European Commission's

political priorities (such as the European Green Deal), also including its international commitments towards the UN 2030 Sustainable Development Goals. With CSRD, cooperatives are also in scope.

In the next session the presentations focused on the target countries. **Laurène Thil** in her introduction to social and solidarity economy (SSE) in France described that the SSE finds its origins at the crossroads of three economic trends: the social economy, the solidarity economy and social entrepreneurship. She provided key figures for the SSE in France in 2022:

- 2.6 million jobs
- 10% of the number of jobs in France and 14% of jobs in the private sector

Looking at the distribution of SSE companies in France:

- 120,749 non-profit organisations or 79% of SSE jobs with 2 million jobs (full-time and part-time combined);
- 23,880 cooperatives or 12% of SSE jobs with 313,239 jobs;
- 7,329 mutual societies or 5% of SSE jobs with 137,738 jobs;
- 721 foundations or 0.5% of SSE jobs with 122,916 jobs;
- 2000 ESUS approved SSE companies including 70% associations, 19% commercial companies and 10% cooperatives, or 1.3% of SSE jobs.

In 2022, among the sectors where the weight of the SSE is significant or even the majority we find social action, sport and leisure, arts and entertainment, financial and insurance activities, and education. Among the 2.6 million SSE employees in France, 67% are women, but only 37% of SSE company chairs are held by women.

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The meeting continued with a presentation by **Pina Sodano** (external expert, Italy). As Ms. Sodano explained, to have a unique definition of social enterprise in Europe is almost impossible. In fact, many definitions exist and are used in Europe and around the world. The new directive will protect workers, consumers and more generally communities against the negative impacts that can result from corporate misconduct that violates human rights and the environment along the entire global value chain: from production to the marketing of the final product. The many Italian enterprises that work in compliance with national and European standards and often have to compete with de-localised production in countries with a less stringent set of rules will also find a useful tool. From 2017 to 2020, a number of associations and NGOs, in collaboration with university professors and researchers, have carried out multiple awareness-raising campaigns on the topic of 'business & human rights' and have coordinated their interlocutions with Italian institutions on the following topics: Non-financial reporting, National Plan of Action on UN Guiding Principles on Business and Human Rights,

UN Intergovernmental Working Group for the development of a binding treaty on business and human rights.

Ignace Pollet (senior researcher, KULeuven-HIVA) was next with a presentation about the Netherlands. According to the explanation, there are about 6,000 operational social enterprises, which are grassroots organizations mainly meant to integrate people in society and in the labor market in the Netherlands. The model of social enterprises is, in the context of governmental decentralization, currently making headway. Other than that, the Netherlands presently count about 9,000 primary co-operatives of which 3,300 are economically active. NCR, the umbrella organization for co-operatives is a member of the ICA and EuroCoop. A law on HREDD is projected to be operational by mid-2024 and will make it mandatory for the companies who are in scope to take preventive and mitigating measures regarding human rights violations in the supply chain, violations of animal welfare, and environmental damage. This law is meant to be aligned with HREDD directives by the EU, the OECD and the UN. In the meantime, some large cooperatives have already provisionally established their own policy and code of conduct.

The final presentation was given by **Hans-Gerd Nottenbohm** (senior expert, innova eG) about the context in Germany. It will not be allowed to be a cooperative which is storming, because there is an annual audit on every cooperative and if the cooperative is not active anymore, it will very soon lose its cooperative status. In Germany, there is around 600-700 worker cooperatives in the farming sector. But they are small and medium-sized enterprises, with less than 500 employees, so they do not fall under this directive and not under the regulation on co-determination and a poor social dialogue. DMK Group has 4700 farmers as members, but also other businesses. They are members of this cooperative. The AGRAVIS cooperative has 6600 employees. The cooperative is a secondary cooperative. Farmers could also join directly to these cooperatives as employees. Therefore, there is quite a high percentage of employees in addition to the other members of the cooperative. Mr. Nottenbohm introduced as example a few further large social economy organisations and their existing reporting practices in Germany with big turnover and employees such as REWE Group, Apo Bank, DZ Bank and Berliner Volksbank. He also briefly explained the co-determination rules applicable in cooperatives.

The presentations were followed by intensive discussion between the participants.

In the closing session of the event, Gianluca Pastorelli reminded the audience about the next steps in the project and thanked all participants for their active participation in the event.