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FEDERATION OF KARNATAKA CHAMBERS OF COMMERCE & INDUSTRY



INDO-FRENCH CHAMBER OF COMMERCE



Kingdom of the Netherlands



MSME BUSINESS FORUM

# Empowering Businesses: A Workshop on Sustainability Collaboration and Shared Responsibility

05 DECEMBER 2024, BENGALURU



# Executive Summary

**Centre for Responsible Business (CRB)**, in collaboration with the **Federation of Karnataka Chambers of Commerce & Industry (FKCCI)**, successfully conducted a workshop on **05 December 2024**, at the FKCCI Centenary Building in **Bengaluru**. This event formed a crucial component of the "EU-India Business Collaborative Initiative on Sustainable Development, Climate Action, and Inclusivity," project, funded by the **Delegation of the European Union to India**. The workshop received invaluable support from esteemed partners, namely, the **Indo-French Chamber of Commerce and Industry (IFCCI)**, the **MSME Business Forum India**, and the **Consulate General of the Kingdom of Netherlands in Bengaluru**.

This workshop, which brought together over **40 participants**, including business leaders, policymakers, and sustainability practitioners, marked the third installment in a series dedicated to fostering sustainable international business collaborations and navigating the evolving landscape of sustainable regulations in both India and Europe. Prior to the Bengaluru workshop, similar events were held in Kolkata (24 September) and Pune (27 September), sharing awareness and building capacity of both European businesses in India and the Indian stakeholders.

## The event focused on:

- Enhancing understanding of the EU's **Carbon Border Adjustment Mechanism (CBAM)** and **Corporate Sustainability Due Diligence Directive (CSDDD)** in the context of Indian regulations like the **National Guidelines on Responsible Business Conduct (NGRBC)** and **Business Responsibility and Sustainability Reporting (BRSR)**.
- Exploring **collaborative** approaches to address impact areas such as Climate, Biodiversity, Gender, and Water.
- Introducing the "**How-to Guide**," a practical framework for fostering long-term sustainability partnerships.

The workshop featured technical sessions, interactive group discussions, and presentations that emphasized actionable strategies for achieving shared sustainability goals.

## Key outcomes included:

- Greater **clarity** on navigating European and Indian regulatory landscapes.
- Identification of **pilot projects** for sustainability initiatives.
- Strengthened **networks** among stakeholders for future collaborations.

# Background

This workshop is part of the broader EU-India SDG Collaborative Initiative, a **two-year program** that aims to advance sustainability and the Sustainable Development Goals (SDGs) through **partnerships** between EU businesses operating in India and their **local value chain stakeholders**. The initiative aligns with the frameworks of the EU Global Gateway, which promotes sustainable **infrastructure**, and the EU-India **Trade and Technology Council (TTC)**, which focuses on trade, digitalization, and resilient global value chains.

The collaborative initiative emphasizes **five models** of partnerships:

- **CSR Partnerships.**
- **Supply Chain Sustainability Partnerships.**
- **Public-Private Sustainability Partnerships.**
- **Financing-Based Sustainability Partnerships.**
- **Technology-Driven Sustainability Partnerships.**

Each of these models addresses critical areas of impact, including **Climate, Biodiversity, Gender, and Water**, while balancing the requirements of emerging EU and Indian regulatory landscapes

# Objectives

The Bengaluru workshop was designed to:

- Facilitate **knowledge-sharing** on sustainability-focused EU and Indian regulations, such as CBAM, CSDDD, NGRBC, and BRSR.
- Illustrate actionable pathways for **collaboration** between EU businesses and Indian MSMEs.
- Foster **partnerships** addressing the four focus areas (Climate, Biodiversity, Gender, and Water).
- Showcase the **"How-to Guide"** for developing and monitoring impactful collaborations.

The workshop served as a **capacity-building** platform for stakeholders, particularly small and medium enterprises (SMEs) and tier-1 and tier-2 suppliers, equipping them to meet regulatory requirements and adopt best practices in sustainability.

# Opening Session

The workshop began with an opening session that set the tone for the day's discussions. Speakers emphasized the importance of aligning business practices with sustainability goals while addressing the challenges posed by evolving global regulatory landscapes.

## WELCOME REMARKS



### MG BALAKRISHNA

#### PRESIDENT, FEDERATION OF KARNATAKA CHAMBERS OF COMMERCE & INDUSTRY

MG Balakrishna, welcomed participants, highlighting the pivotal role of MSMEs in achieving sustainability goals. He urged businesses to embrace innovation and collaboration, emphasizing that sustainability is not merely a compliance requirement but a pathway to long-term business resilience.



### RIJIT SENGUPTA

#### CHIEF EXECUTIVE OFFICER, CRB

Rijit Sengupta, stressed the workshop's significance in bridging gaps between EU businesses and Indian stakeholders. He called attention to the importance of capacity building, particularly for MSMEs, to align with global sustainability standards like CBAM and CSDDD.

## KEY MESSAGES



### LAURENT LE DANOIS

#### ATTACHÉ, TEAM LEADER COOPERATION SECTION - DELEGATION OF THE EUROPEAN UNION TO INDIA AND BHUTAN

Laurent le Danois highlighted the importance of the new EU sustainability legislations aimed at addressing critical global challenges like pollution and climate change. While these legislations are essential for saving the planet, their perception in India, particularly CBAM (Carbon Border Adjustment Mechanism), seems to differ from the original intent.

He emphasised the need to approach CBAM positively and collaboratively, making this workshop a step toward that goal. Laurent clarified that the intention is not to impose EU legislations but to explore their effective implementation in India. Collaboration between European and Indian businesses, including corporates, SMEs, and MSMEs, alongside policymakers and other social actors, is key. The workshop aims to focus on building capacity, communicating legislative requirements, and measuring compliance alongside the positive impacts on people, businesses, and the planet. He stressed the importance of integrating gender and diversity considerations to ensure women benefit from these initiatives. Discussions on sustainable business models and their scalability through platforms like FEBI were also a focal point. FEBI was identified as an ideal avenue for amplifying promising and practical solutions. Mr. le Danois concluded by underscoring CRB's valuable partnership and the EU's shift from traditional engagement to a partnership-driven approach in India. He urged stakeholders to use the workshop as an opportunity to collaboratively address challenges and drive impactful, inclusive change.



### **EWOUT DE WIT**

#### **MINISTER COUNSELLOR, DELEGATION OF THE EUROPEAN UNION TO INDIA**

Ewout de Wit, emphasized the value of collaborative innovation in tackling climate change and enhancing resource efficiency. He pointed out successful EU-India partnerships as examples of impactful collaboration.



### **VIDYA RANGAN**

#### **DIRECTOR, POLICY AND ENGAGEMENT, ISEAL**

In a compelling presentation, Vidya Rangan highlighted the critical role of voluntary sustainability standards in driving global business transformation. Originating from the 1992 Rio Summit, these standards have evolved from optional frameworks to powerful mechanisms for sustainable development, with significant market penetration across agricultural sectors like cocoa, coffee, cotton, and palm oil.

Currently, these standards offer businesses comprehensive benefits, ranging from operational improvements to long-term profitability and reputation enhancement. As mandatory sustainability regulations emerge, Rangan argues for a strategic "smart mix" approach, where voluntary standards complement regulatory requirements. By providing tools for transparency, traceability, risk assessment and stakeholder engagement, these standards are uniquely positioned to help businesses navigate increasingly complex sustainability landscapes. The ultimate vision is to drive sector-wide transformations, ensuring that companies globally — not just in traditional markets — can effectively contribute to sustainable development. This approach recognises that meaningful change requires both innovative voluntary initiatives and structured regulatory frameworks, working in tandem to elevate sustainability practices across industries.

# Technical Session

The technical sessions provided an in-depth understanding of the workshop's core themes: regulatory alignment, collaborative strategies, and tools for impactful sustainability.

## Session 1: Carbon Border Adjustment Mechanism (CBAM)

### SPEAKERS



#### ANAMIKA GHOSH

##### SENIOR PROGRAM MANAGER, CRB

- CBAM was introduced as a crucial EU regulatory tool designed to address carbon leakage and incentivize sustainable production among non-EU producers.
- The session detailed the scope and sectors covered under CBAM, including cement, aluminum, and steel, and explained its phased implementation timeline.
- Challenges for Indian exporters were discussed, particularly the need for transparent carbon accounting and reporting. Participants were encouraged to view CBAM compliance as a business opportunity to innovate and enhance competitiveness.

### Key Insights:

- CBAM can drive adoption of low-carbon technologies in India.
- Collaboration between EU buyers and Indian suppliers will be critical to meet compliance standards.

## Session 2: Corporate Sustainability Due Diligence Directive (CSDDD)



#### RIJIT SENGUPTA

##### CHIEF EXECUTIVE OFFICER, CRB

- This session highlighted the core requirements of the CSDDD, which obligates EU companies to address human rights and environmental impacts across their value chains.
- The discussion emphasized the directive's implications for Indian suppliers, particularly MSMEs, who must adapt to increased scrutiny over their operations.
- Practical steps for alignment were shared, including the use of frameworks like India's NGRBC and BRSR to demonstrate compliance.

### Key Insights:

- CSDDD encourages shared responsibility across value chains, creating opportunities for Indian MSMEs to strengthen partnerships with EU businesses.
- Transparent documentation and monitoring are essential for compliance.

## Session 3: The "How-to Guide" for Collaborative Partnerships

Speaker: Anamika Ghosh, Senior Program Manager, Centre for Responsible Business

- The "How-to Guide" was introduced as a framework for fostering impactful EU-India sustainability partnerships.
- The guide focuses on three key elements: policy coherence, inclusive stakeholder engagement, and measurable, future-ready outcomes.
- Participants were shown how to use the guide to identify opportunities for collaboration, develop pilot projects, and monitor their success.

## Key Insights:

- The guide is a practical tool for scaling sustainability initiatives across Climate, Biodiversity, Gender, and Water impact areas.
- It emphasizes local ownership and the importance of measurable outcomes.

# Interactive Focus Group Discussions

In this session, participants were divided into smaller groups to brainstorm and develop actionable pilot project ideas. The discussions revolved around the four key impact areas—Climate, Biodiversity, Gender, and Water—and were guided by the "How-to Guide." Some Highlights include-

## Gender Inclusion:

- Proposals included creating women-led MSME supply chains and cooperative models focused on sustainable production. Examples of successful women-led initiatives in other regions were shared to inspire participants.

## Water Resource Management:

- Groups proposed strategies to mitigate water risks in industrial operations, including circular water use practices and community-driven conservation initiatives.

## Climate Action:

- Carbon offset projects and technology-driven solutions for emission reduction were discussed. Participants identified potential synergies between EU technology providers and Indian industries.

The session concluded with each group presenting their ideas, fostering peer learning and engagement.

## CLOSING REMARKS



### UMA REDDY

#### SENIOR VICE PRESIDENT, FEDERATION OF KARNATAKA CHAMBERS OF COMMERCE & INDUSTRY ( FKCCI)

- Uma Reddy, delivered the closing remarks, summarizing the workshop's discussions and key takeaways. She emphasized the importance of continuous capacity building and collaboration for MSMEs to align with global sustainability standards.
- The event concluded with a networking session, where participants had the opportunity to connect with stakeholders and discuss potential collaborations.

# Key Themes and Findings

## 1. Regulatory Alignment

The workshop highlighted the interplay between the EU and Indian regulatory frameworks and their implications for businesses:

### **Carbon Border Adjustment Mechanism (CBAM):**

CBAM emerged as a pivotal regulatory tool to counter carbon leakage and incentivize non-EU producers to adopt sustainable production practices. Indian exporters in carbon-intensive sectors, such as steel, aluminum, and cement, were identified as key stakeholders needing alignment with this regulation.

-Key Insight: CBAM compliance is not just a requirement but an opportunity for Indian businesses to enhance competitiveness by adopting low-carbon technologies.

### **Corporate Sustainability Due Diligence Directive (CSDDD):**

This directive mandates due diligence across value chains to ensure adherence to human rights and environmental standards. Indian MSMEs were encouraged to proactively align their operations with these requirements by leveraging frameworks like NGRBC and BRSR.

-Key Insight: The emphasis on shared responsibility under CSDDD provides Indian MSMEs with avenues to strengthen partnerships with EU businesses.

## 2. Collaborative Models

The workshop introduced five models of EU-India collaboration for sustainability:

- **CSR Partnerships:** Targeting social impact initiatives such as gender inclusion.
- **Supply Chain Sustainability Partnerships:** Addressing traceability, transparency, and compliance across value chains.
- **Public-Private Sustainability Partnerships:** Leveraging resources from government and private stakeholders for large-scale initiatives.
- **Financing-Based Partnerships:** Supporting MSMEs in adopting sustainable practices through financial assistance.
- **Technology-Driven Partnerships:** Enabling adoption of advanced technologies for climate mitigation and resource optimization.

## 3. Impact Areas

The discussions and focus group activities emphasized the following priority impact areas:

### **Climate:**

- Transitioning to low-carbon operations through technological innovation.
- Strengthening carbon offset mechanisms for Indian industries.

### **Biodiversity:**

- Promoting practices that protect ecosystems while maintaining business sustainability.
- Integrating biodiversity goals with water and climate initiatives.

### **Gender:**

- Creating inclusive supply chains through women-led MSME initiatives.
- Highlighting examples of women-centric cooperative models for sustainable production.

#### Water:

- Developing water resource management strategies for high-risk industries.
- Encouraging businesses to adopt circular water-use practices.

#### 4. Challenges and Opportunities for MSMEs

##### Challenges:

- Limited resources for data collection and reporting required by EU regulations.
- Knowledge gaps in navigating regulatory frameworks.
- Costs associated with implementing sustainable practices.

##### Opportunities:

- Access to EU financial and technical support for capacity building.
- Strengthened partnerships with EU companies through compliance and innovation.
- Enhanced market competitiveness by adopting sustainable practices.

## Conclusion

This particular workshop in Bengaluru was a significant milestone in fostering Indo-EU collaborations for sustainability. It successfully brought together over 40 participants, including MSMEs, EU delegations, policymakers, and sustainability experts, to explore strategies for aligning business practices with global sustainability goals.

The event highlighted the critical importance of:

- Aligning with EU regulations like **CBAM** and **CSDDD**, while leveraging Indian frameworks such as **NGRBC** and **BRSR**.
- **Strengthening partnerships** across the identified impact areas—Climate, Biodiversity, Gender, and Water.
- Empowering **MSMEs** to embrace **sustainable practices** through **collaboration, capacity building, and technological innovation**.

The workshop underscored that shared responsibility and inclusive partnerships are essential for achieving SDGs and adapting to the evolving regulatory landscape. The "How-to Guide" emerged as a practical framework to support stakeholders in creating measurable, future-ready sustainability solutions.

## Next Steps for CRB

To sustain the momentum generated by the workshop, the following actions are recommended:

#### 1. Implementation of Pilot Projects:

- Develop and launch pilot projects identified during the focus group discussions, such as gender-inclusive supply chains, water resource management strategies, and carbon offset initiatives.

#### 2. Capacity Building for MSMEs:

- Conduct targeted training sessions to address knowledge gaps and support MSMEs in meeting EU regulatory requirements.
- Develop simplified templates and tools for MSMEs to streamline compliance processes.

### 3. Scaling Collaborative Models:

- Promote best practices and success stories of EU-India partnerships, with a focus on CSR, supply chain sustainability, and public-private initiatives.

### 4. Engagement and Networking:

- Facilitate regular follow-up workshops and stakeholder meetings to foster ongoing dialogue and collaboration.
- Strengthen networks among EU and Indian businesses, industry associations, and policymakers.

### 5. Monitoring and Evaluation:

- Utilize the "How-to Guide" to monitor the progress of collaborations and measure outcomes across the four focus areas. Publish detailed findings and impact assessments to inform future initiatives.

