Process update – June 2021

International RBC Agreement for the Renewable Energy Sector

Agenda

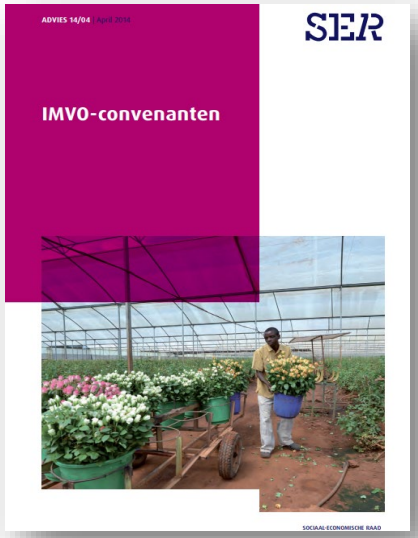
- Round of introductions
- What would be your motivation for joining RBC Agreement?
- What are your main questions for today?
- SER: presentation on current status and developments in the process
- Next steps

Origin and process

International RBC Agreements
The trigger

- Rana Plaza Disaster in Bangladesh in 2013
- KPMG Sector Risk Analysis (2014)
- Social and Economic Council Advisory Report on International Responsible Business Conduct (2014)







24 April 2013 | April 2014 | September 2014

Approach

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Basic principles

OECD Guidelines for Multinational Enterprises
RECOMMENDATIONS FOR RESPONSIBLE BUSINESS CONDUCT IN A GLOBAL CONTEXT

UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS & HUMAN RIGHTS

ILO International Labour Organization

- Government: 'Duty to protect'
- Businesses: 'Responsibility to respect'
- 'Access to remedy'

Joining forces

Industry associations | Businesses | Unions | NGOs | Government

Working together to solve problems that businesses cannot solve on their own.

Approach

- Due dilligence by businesses
- Collective initiatives
- Collective projects

Disclosure | Human rights | Employment relations | Environment | Consumer interests | Science and technology



ACHTERGROND

In de Amazone worden bomen gekapt voor windmolenwieken

De explosief gestegen vraag naar balsahout voor de wieken van windmolens veroorzaakt een run op balsabomen in Ecuador, waarbij uniek natuurgebied wordt leeggeplukt. “Er is nu zoveel gekapt dat er nauwelijks nog bomen over zijn.”

‘Waarschijnlijk dwangarbeid bij productie van Chinese zonnepanelen voor Nederland’

Oeigoeren In China, een dominante speler in de markt voor zonnepanelen, worden grondstoffen gewonnen waarbij waarschijnlijk dwangarbeid ingezet wordt. Dat zou voorkomen in de westelijke provincie Xinjiang, waar Oeigoeren worden onderdrukt.

Lisa Dupuy 8 april 2021 Leestijd 1 minuut

Europees Parlement stemt over wet die bedrijven verplicht toeleveringsketen te onderzoeken

Nora Veerman | dinsdag 09 maart 2021

Het Europees Parlement stemt woensdag 10 maart over een wet die het verplicht maakt voor bedrijven om hun toeleveringsketen te onderzoeken op misstanden en hier iets aan te doen. Dat meldt de NRC. Experts voorspellen dat de wet een grote meerderheid wordt aangenomen.

De wet verplicht bedrijven die op de Europese interne markt willen opereren om hun hele toeleveringsketen onder de loep te nemen. Als er misstanden worden ontdekt, hebben ze de plicht om deze aan te pakken. Gebeurt dat niet, dan volgen er sancties. Wat die sancties zijn, wordt in het wetsvoorstel nog niet beschreven. De bedoeling is dat in alle lidstaten toezichthouders worden aangesteld die een oogje in het zeil houden.

De wetgeving maakt het ook makkelijker voor werknemers om bedrijven in de EU aan te klagen als zij zelf wantoestanden in de keten waarnemen. “Bedrijven kunnen zich niet meer verweren door te stellen: we volgden de wet in Bangladesh. Nee: je draagt zelf verantwoordelijkheid voor het waarborgen van milieurichtlijnen, mensenrechten en goede interne managementstructuren,” aldus Europarlementariër Lara Wolters, die aan het wetsvoorstel werkte, tegenover de NRC.

Current status and recent developments

General status update

- First draft of the Agreement text was discussed during plenary meeting of 15 April 2021;

- A few elements on the text need further clarification but there is consensus on the majority of the text; the (internal) consultation period will start once there the draft text is finalised.

- Parallel to finalising the text, discussion on the following topics is on-going:
  - European alignment / upscaling
  - Broadening scope from wind to wind & solar
  - Including commitments on RBC & tender / procurement processes
  - Budget development

Tenders / procurement

- From the start, multiple companies have voiced their wish that the Agreement would include commitments by the government on RBC & procurement processes "to incentivise and encourage interested suppliers to operate and source responsibly"

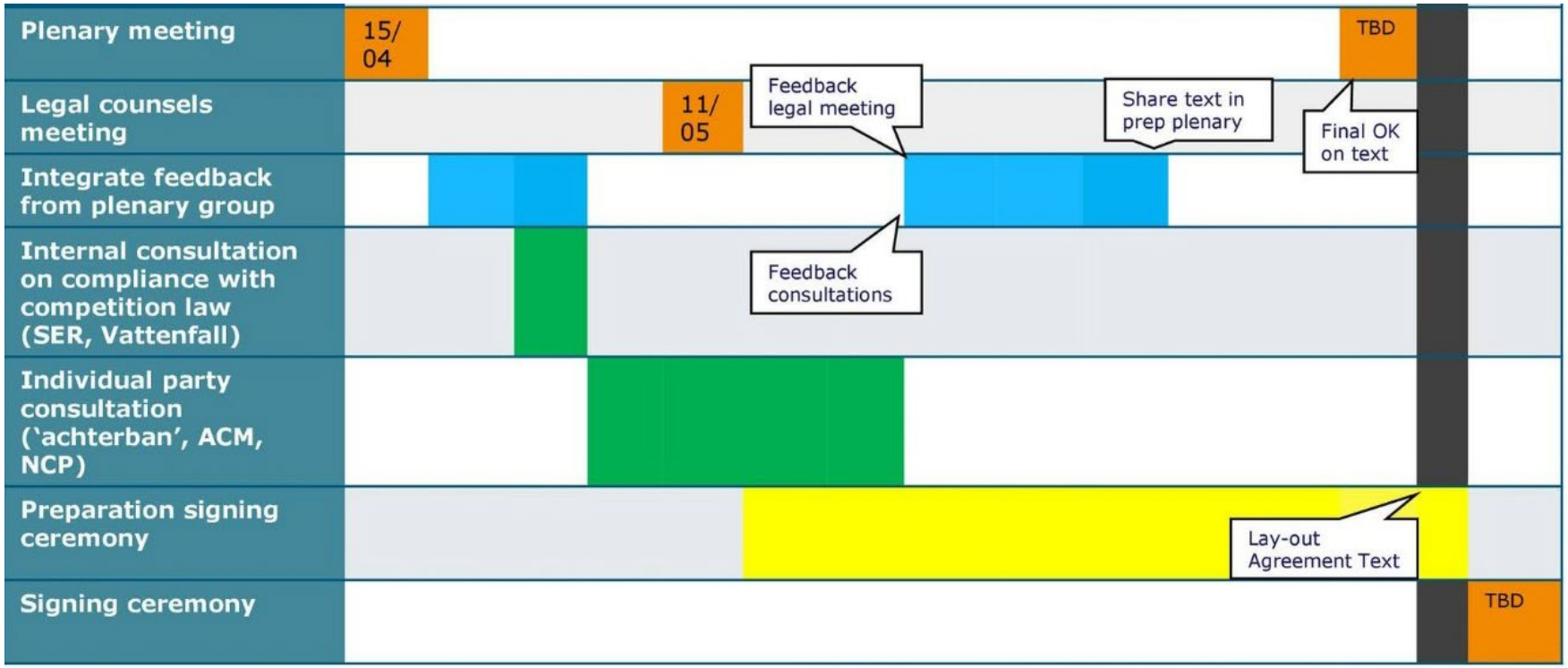
- With interest from i.e. Vereniging Eigen Huis and Dutch municipalities, this discussion is now broadening to "other non-commercial institutions active in the procurement and tender of renewable energy technologies"

- Current proposal is to establish a specific Working Group to explore how government and other non-commercial institutions can incorporate RBC requirements in regulations and procurement activities.

Further process

- Next plenary meeting scheduled for 15 July
- Agree on outstanding issues
- Consultation period (min. 6 weeks)
- Signing ceremony expected in Q4 of this year

Visualisation of process



Official summer break Dutch Parliament 9 July – 6 September

Current participants

Participants include:

- energy companies
- original equipment manufacturers
- trade associations
- NGOs
- knowledge institutes and
- government institutions

Content of the current draft Agreement

Chapter overview

1. Considerations
2. Goals and Scope
3. Individual Company and Collective Due Diligence
4. Collective Projects and Increasing Collective Leverage
5. Governance and Implementation
6. Monitoring and Evaluation
7. Accountability Mechanism
8. Final Provisions

Objective of the Agreement

- To help companies **comply with international standards on business and human rights**

- To **collectively address severe adverse impacts to people and the environment in the renewable energy supply chains**

Benefits

The **collective benefits** of cooperating in the Agreement for all participating organisations include:

- Collectively address severe risks and violations to people and the environment which they otherwise would be unable to tackle on their own;
- Increase their leverage towards specific actors in the supply chain to address specific complex problems;
- Contribute to achieving relevant SDGs;
- Collaboration helps shift the focus away from incidental issues towards structural management and solutions for complex problems in the global supply chain.

Benefits

The main **benefits for the Companies** of cooperating in the Agreement include the following:

- gaining expertise and access to relevant networks for **due diligence implementation**;
- access to tailor-made **tools and instruments** (for conducting and reporting on due diligence);
- **increased leverage** towards other supply chain entities by working together with the other Parties to the Agreement;
- **lower costs** of due diligence, by, for example, collectively developing due diligence tools and instruments;
- getting support with **complying with current and future due diligence legislation** (e.g. Dutch Child Labour Due Diligence Act)

Company commitments: Due Diligence

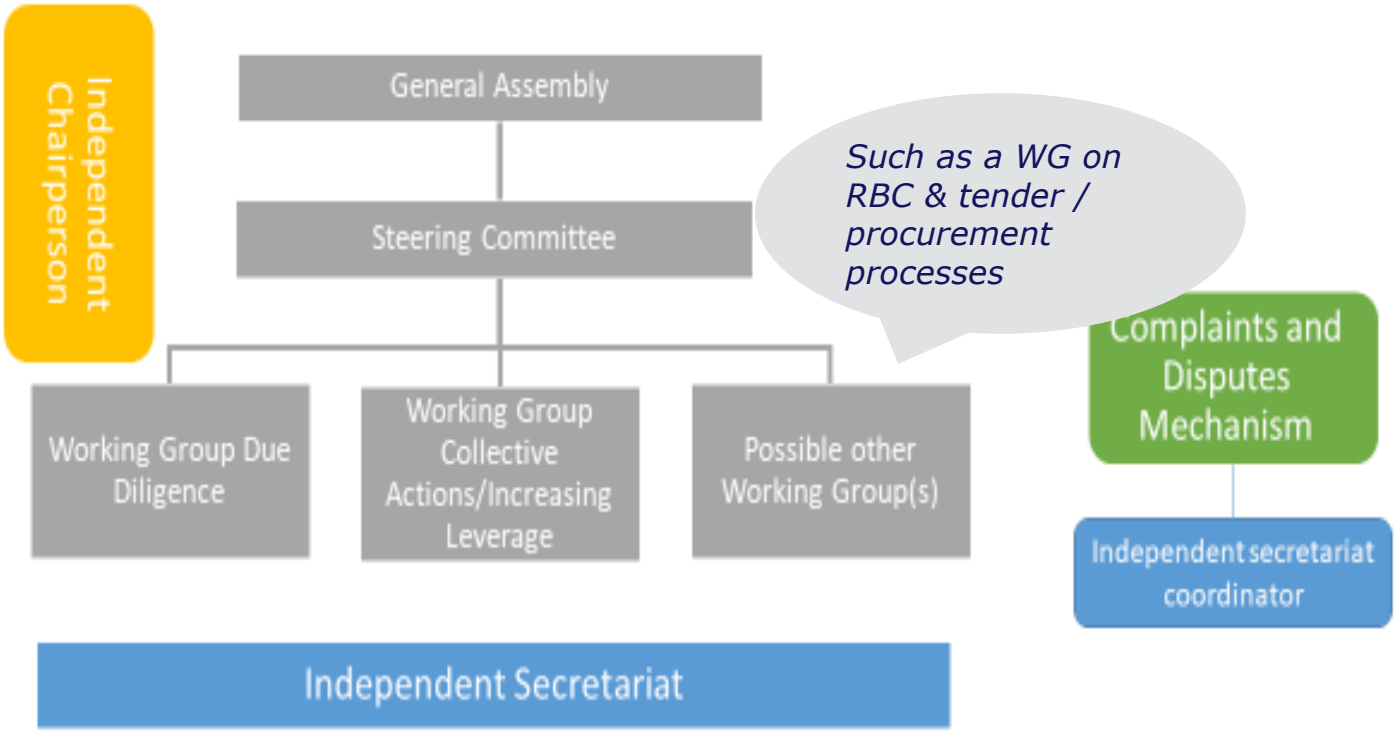
- **Companies commit to carry out risk-based due diligence** as prescribed by the OECD Due Diligence Guidance for Responsible Business Conduct;
- Annually, the Companies shall **complete a due diligence questionnaire** which will be used by the independent Secretariat to rate the due diligence maturity level of each Company;
- Based on the results of the maturity assessment, companies will share their individual company **due diligence action plan (DDAP)** with concrete targets to enhance their due diligence performance
- The **other Parties of the Agreement will support companies** in their due diligence by sharing knowledge and expertise, developing tools & instruments, etc.

Collective Projects and Increasing Collective Leverage

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- Developing and implementing collective projects to tackle actual and potential impacts and risks in the supply chain together;
- Increasing the number of companies in the Agreement;
- Expanding the international/European character of the Agreement.

Governance and Implementation



Other information

European developments in relation to Mandatory Due Diligence Law

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European Parliament resolution adopted on 10 March 2021

Aim
- Enforcement of duty to respect human rights, the environment and good governance
- OECD Guidelines for Multinational Enterprises & UN Guiding Principles

Target (active in EU)
- Large undertakings established in the EU (250 employees)
- All publicly listed SMEs (from 50 employees)
- All companies not established in the EU but operate in high risk sectors(from 50 employees)

Expectations
- Conduct due diligence
  - Statement on no adverse impact incl. risk assessment
  - Develop, implement and publish individual due diligence strategy
- Undertake stakeholder engagement
- Grievance mechanism
  - Effective multistakeholder grievance mechanisms
- Sectoral due diligence action plan

Sanctions and civil liability
- Fines; exclusion from public procurement, state aid, public support schemes incl. loans etc.
- Liability for harm caused or contributed to unless…

Relevant studies

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- KPMG, MVO Sector Risico Analyse. Aandachtpunten voor dialoog (2014)
- World Bank Group, The Growing Role of Minerals and Metals for a Low Carbon Future (2017)
- Action Aid, Human Rights in Wind Turbine Supply Chains (2018)
- Metabolic, Metal demand for renewable electricity generation in the Netherlands (2018)
- TNO, Global energy transition and metal demand (2019)
- Business and Human Rights Resource Centre, *Fast & fair renewable energy: A practical guide for investors* (2019)