

SDG Insider Ep 1 transcript

Minding your own business: How can human rights due diligence create a better future for all?

[00:00:00] **Ayanda Charlie:** Every day we move nearer to reaching the global goals of ending poverty, protecting the planet, and ensuring that all people can live in peace and prosperity by 2030. But how close are we, really? In our previous podcast series, SDGs: The rising tide, we dedicated an episode to each of the 17 Sustainable Development Goals established by the United Nations, examining some of their biggest challenges and solutions.

[00:00:29] **Ayanda Charlie:** But because people and communities are living, breathing, changing and moving, these distinct goals do not stand alone in a sterile reality, rather they're intersecting and overlapping in all sorts of ways. With our new podcast series, we aim to help businesses navigate these overlaps and find a starting point – beyond the theory – for taking action.

[00:00:52] **Ayanda Charlie:** Welcome to the SDG Insider, the series that helps bridge the gaps between corporate reporting and the sustainability agenda from the Global Reporting Initiative. Exploring six themes, we'll take a closer look at how the Global Goals interconnect in real-world scenarios and businesses, hearing insights and advice from prominent sustainability experts. I'm your host, Ayanda Charlie.

[00:01:19] **Ayanda Charlie:** Picture this. It's the early 20th century and several factories are popping up around the USA. Their job? To produce watches and military dials. Because women had smaller hands suited to fine skills, they were perfect for working in these factories. They meticulously painted little numbers and dials, often with a licked brush to get a neater point, using paint that contained...radium.

[00:01:41] **Ayanda Charlie:** The radium helped create the glow-in-the-dark effect needed to be seen at night. The workers sometimes painted their nails and faces for fun when they went out after their shifts. What very few people knew at the time was that this cancer-causing element would end up killing a number of these young women, and in time lead to one of the first health-and-safety laws in the USA.

[00:02:08] **Ayanda Charlie:** We've come a far way since then and yet, human rights in the workplace are as topical as ever. In 2022, the ILO Declaration on Fundamental Principles and Rights at Work was amended to include a safe and healthy working environment. In episode 1, we're looking at our first theme: human-rights due diligence.

[00:02:29] **Ayanda Charlie:** In other words, how can businesses make sure that, while their activities contribute to economies, industries and, hopefully, the lives of their employees and local communities, they are not also damaging the rights of people or the environment, knowingly or unknowingly. You might wonder: are all human rights relevant to businesses?

[00:02:48] **Ayanda Charlie:** What does due diligence look like when it comes to people (as opposed to paperwork), and what is the connection between human rights due diligence and corporate sustainability reporting? As we delve deeper into this topic, we're going to hear from three experts in business and human rights, Elin Wrzoncki, Dante Pesce and Kees Gootjes.

[00:03:09] **Ayanda Charlie:** But first, some background. In 2011, the United Nations Guiding Principles on Business and Human Rights were adopted by the Human Rights Council, stating that all companies have a responsibility to conduct human rights due diligence. This means they need to take reasonable care to ensure that their decisions and actions consider all the relevant risks to the people and places involved in their work.

[00:03:34] **Ayanda Charlie:** Due diligence can relate to a company's own operations, its investments, entering business agreements with partners and suppliers, or conducting business in specific locations and markets. The good news is that there are increasing numbers of policies on human rights due diligence being developed and implemented around the world.

[00:03:54] **Ayanda Charlie:** But that means there's a corresponding need for guidance and information. What's also coming to the fore is the recognition that individuals and their rights do not exist in a vacuum. That climate change and environmental degradation are increasingly infringing on human rights – and things need to change.

[00:04:11] **Ayanda Charlie:** For example, in September 2022, the UN Human Rights Committee made a groundbreaking decision that Australia had failed to adequately protect Indigenous Torres Strait Islanders from the adverse impacts of climate change, which impacted on their ability to enjoy their own culture.

[00:04:29] **Sound bite:** We didn't contribute nothing towards the fossil fuel and all the burnings and hustles and bustles was happening around we, we didn't contribute nothing, but yet we are at the front line and getting the impact of everything. It's not right.

[00:04:45] **Ayanda Charlie:** As such, the draft UN Binding Treaty on Business and Human Rights is also expected to broaden the scope of due diligence to include human rights, labour rights, and environmental and climate change impact assessments. Elin Wrzoncki from the Danish Institute on Human Rights told me more about human rights due diligence.

[00:05:05] **Ayanda Charlie:** Elin is a Department Director for Human Rights and Business. Elin, can you briefly tell me more about yourself and your work on business and human rights?

[00:05:14] **Elin Wrzoncki:** Sure. Um, so I'm currently the director of the Human Rights and Business Department at the Danish Institute for Human Rights, uh, which is, uh, Denmark's National Human Rights Institution, but also has a, a mandate to work on, on human rights internationally.

[00:05:29] **Elin Wrzoncki:** Um, I've been there for, uh, nine years, I think now. And, uh, before joining the institute, I was already working on, on business and human rights, uh, issues that I, I came into a bit by chance actually, when I started working in this field, it wasn't a field as such. Uh, of course there had been, you know, plenty of discussions on how do we actually regulate business activities? How do we make businesses more accountable?

[00:05:57] **Elin Wrzoncki:** But, uh, there wasn't any sort of [00:06:00] international framework and that was just developing, when I started working in, in this field back in 2003, I think. So it's been, uh, a, a journey, uh, where I've seen also, uh, a lot of, of developments over the years.

[00:06:13] **Ayanda Charlie:** For a company that has never carried out on impact assessment before, what should their first steps be?

[00:06:19] **Elin Wrzoncki:** I would actually, you know, recommend, uh, that you start by mapping out your operations, uh, your value chain, your business partners to better know your own better business and start assessing the risks. So, you know, you could start by asking yourself simple questions like, where, what with whom? Because of course the human rights risks are, um, often very tied to particular places you're doing business in.

[00:06:48] **Elin Wrzoncki:** Um, you know, and you should be attentive to geographies where there is, uh, generally, you know, a lack of rule of law or repressive governments or where there's high level of, of inequalities [00:07:00] or, or poverty, because of course that, that sort of enhances the risk of, of human rights, uh, abuses. Um, And, uh, you know, one thing that, uh, you should particularly be attentive to is, uh, whether the countries where you're operating or where your business partners are operating, or, uh, conflict areas or post-conflict areas.

[00:07:21] **Elin Wrzoncki:** Of course, you know, that does not mean that human rights abuses, uh, do not occur in, in, in more advanced economies or in democratic countries. I mean, just to give an example, we know how the issue of forced labor is, is, is really global and also, you know, occurs in, in all types of countries. But nonetheless, you know, you should know where is it that we are actually, uh, having a, a footprint.

[00:07:42] **Elin Wrzoncki:** Then I would say that you also need to look at, uh, the economic sector in which, uh, you are operating. Uh, there's plenty of, of documentation of risks, uh, pertaining to different sectors. If you think about, uh, you know, risk associated to mining, for example, they're obviously [00:08:00] not the same as the risk that are associated with, uh, producing garments.

[00:08:05] **Elin Wrzoncki:** Or, um, or, you know, fisheries or, so you, you, you also need to think about, you know, what, what type of sector is it that I am in? And, you know, big multinationals, they might be operating across many different sectors. Finally, I would say you also need to think about, uh, you know, your business partners. Who is it that I buy from?

[00:08:25] **Elin Wrzoncki:** Who is it I sell something to? Um, because, um, And, and, and many times, uh, businesses will tend to look only at their own operations or their immediate business partners, but you actually need to look a little bit deeper in your supply chain. Um, cuz you might be buying something from, you know, a supplier, but that supplier is just assembling the final pieces.

[00:08:48] **Elin Wrzoncki:** And, and the, the sort of business partners down the, the supply chain, we will be those where there are, uh, more, more risks.

[00:08:56] **Ayanda Charlie:** What existing resources can companies use to [00:09:00] facilitate their impact assessments and do accounting for their impacts?

[00:09:04] **Elin Wrzoncki:** One suggestion would be to, uh, look up the Business and Human Rights Resource Center website.

[00:09:10] **Elin Wrzoncki:** Uh, they compile, uh, everything they find, uh, in the news or, um, on the internet about business impacts on human rights, which means that by just browsing this website, uh, either on sort of countries or sectors, you will sort of be able to see what are the sort of typical things that are being reported, uh, around this type of industry or in this country.

[00:09:34] **Elin Wrzoncki:** So that's really helpful, I think, to sort of concretize what it is we are talking about.

[00:09:40] **Ayanda Charlie:** With all this said, I wondered what factors companies should consider when prioritizing human rights and where environmental impact fits into this picture.

[00:09:49] **Elin Wrzoncki:** So the, the UN guiding principles on, on business and human rights, which are the most, uh, authoritative, um, Guidelines, uh, on, on this topic, [00:10:00] they, they clearly highlight that, um, a company needs to prioritize the most serious impacts on people.

[00:10:07] **Elin Wrzoncki:** So, um, here we shouldn't be considering which issues are risk, uh, to the company, but what is it that is causing risk to people? Um, and to do that, what can ask oneself, um, to what extent this impact will harm someone and whether it will be causing irremediable harm. And of course, you need to prioritize.

[00:10:32] **Elin Wrzoncki:** Um, those things that might cause, you know, the deaths or something like really serious to people that cannot be remedied.

[00:10:38] **Ayanda Charlie:** How is the assessment of environmental impact intertwined with the assessment of the impact on people and their human rights? Should it be one process?

[00:10:49] **Elin Wrzoncki:** That's a good and difficult question.

[00:10:51] **Elin Wrzoncki:** Um, first I would say that, um, you know, harms to the environment are often linked in our [00:11:00] experience to harm to people. You know, if, um, you know, if the sort of physical environment, the water, the land of being polluted, you are actually also harming, uh, people in different ways. But of course, you know, is it one process?

[00:11:17] **Elin Wrzoncki:** Um, as you know, in most of the countries, uh, there will be a very sort of, uh, stringent regulation on, uh, when and how do you need to do an environmental impact assessment, for example. And this will be typically for large projects that you have, uh, an expected, uh, big environmental, uh, impact. Uh, but

you're not, uh, obliged to do an environmental impact assessment for any kind of project.

[00:11:46] **Elin Wrzoncki:** You know, if you just establish a small factory, um, that, that's not going to be, um, uh, regulated by an environmental impact assessment. So I would say, When it's, when it's big projects and that you do have to do [00:12:00] environmental impact assessment, it is very good practice to look at how you can integrate human rights within, uh, that process.

[00:12:09] **Elin Wrzoncki:** Maybe one, um, key, uh, difference, uh, in the approach of environmental, uh, and social impact assessment on the one hand and human rights impact assessment, on the other hand, is that in human rights, there are no trade-offs. Uh, so you cannot, uh, you know, you cannot repair, uh, an adverse human rights impact or human rights violation with a benefit.

[00:12:36] **Elin Wrzoncki:** Uh, so you have to address, uh, that human rights impact in and of itself,

[00:12:44] **Ayanda Charlie:** And it's about to get even more complex for businesses large and small in Europe, all in the name of bringing us closer to the global goals. In February 2022, the European Commission adopted a proposal for a directive on corporate sustainability due diligence (CSDDD), with the aim of encouraging corporates to be more sustainable and responsible. In short, to anchor human rights and environmental considerations in their operations and corporate governance.

[00:13:13] **Ayanda Charlie:** These new rules ask businesses to actively look for and deal with any negative impacts of their actions, including in their value chains inside and outside Europe. The question you may have on your mind now is how would a company be able to demonstrate that they've effectively followed due diligence and what kind of information would need to be made publicly available?

[00:13:35] **Elin Wrzoncki:** So I would say that, you know, a company needs to be open about its operations as much as possible. Of course there are, you know, a lot that will be confidential. There will be, uh, you know, your business assets. Uh, but nonetheless, as much as possible, be transparent about what it is you're doing. Be transparent about the impact you have identified, even if those are.

[00:13:58] **Elin Wrzoncki:** Uh, you know, um, [00:14:00] uh, negative, uh, I would be quite, uh, concerned if a company said to me that it did not, uh, have any, uh, adverse human rights impact if it's, you know, a company that has some sort of a, um, a global value chain. Then I would think, well, they haven't done their human rights due diligence because all companies will have in some way or form some risks to human rights.

[00:14:27] **Elin Wrzoncki:** And being transparent about those is the first step to actually be able to address them. And I think, you know, we are seeing more and more companies being open about, uh, uh, human rights issues in, in their global supply chain. And I think that's, that's very positive. Um, but I would, um, be a bit concerned that as we are moving towards, um, you know, more legally binding obligations on business, uh, some might be tempted to not [00:15:00] communicate about their, uh, impact because they might fear that that will make them liable for something.

[00:15:06] **Elin Wrzoncki:** So I really hope that we'll be able to find a balance where we do encourage companies to communicate and report on their, uh, impacts as a way to start addressing them.

[00:15:20] **Ayanda Charlie:** It's clear that human rights due diligence is an ongoing process that requires companies to continually assess and address their impacts as they evolve over time. Not just a box-ticking exercise,

[00:15:33] **Ayanda Charlie:** human rights considerations should be integrated into core business practices and decision-making processes to bring everyone closer to achieving the Global Goals by 2030. Dante Pesce, a global expert on business and human rights, shared some valuable insight with me which helped me understand more about the ins and outs of the due diligence process for different actors.

[00:15:56] **Ayanda Charlie:** Dante is a former member and chair of the UN Working Group on business and human rights, and is now engaged at the International Organization of Employers as Senior Strategic Adviser on Business and Human Rights. Dante comes from Chile, where he also carries out projects on the sustainability of businesses.

[00:16:16] **Ayanda Charlie:** Dante, how does the experience for small, medium, and large companies differ when it comes to human rights? Um, human rights impact assessment.

[00:16:25] **Dante Pesce:** Well, yes, there will be one part of our business community at national level that where the legislative push, um, is going to enhance its competitiveness because it's going to add a dimension that probably is not.

[00:16:41] **Dante Pesce:** Properly, fully there into already, uh, their already, uh, capacity to actually comply with the requirements of their clients or investors. Uh, but there's another group that are the excluded businesses that might take is that they might be even farther [00:17:00] away, excluded, uh, the so exclusion might be increased.

[00:17:04] **Dante Pesce:** Why? Because it's a greater factor of risk. Um, so if I'm importing from South Africa, um, with companies that are already more or less doing things well, well, we will have a conversation and, you know, the companies might, uh, improve, like in Chile will do something, some, some things differently. Yes. Why not?

[00:17:24] **Dante Pesce:** And they are in general, willing to adapt to, uh, client's considerations. But the ones that are already less competitive, why would now they suddenly become a supplier of choice, uh, when they are not already a supplier of choice? And therefore, why a company in Europe subject to legislation will want to increase their exposure to risks.

[00:17:49] **Dante Pesce:** They will not, um, why, why would they? Yeah. Uh, they will say, that's not my job. That's for governments and for someone else. But it's why we companies will want to, uh, [00:18:00] increase or, um, are, are exposed. I think that will not happen. So, uh, so the ones that are already engaged, uh, have the opportunity to be more competitive and to integrate the dimension of respect for human rights more properly.

[00:18:15] **Dante Pesce:** I think that is realistically going to happen. The other, the other side, those that are already left behind. I think there's, I don't see how this is going to increase their chances to be included.

[00:18:29] **Ayanda Charlie:** So how will the CSDDD directive change things for SMEs who operate in Europe or deal with European countries? Is it realistic that they will be able to comply? And what is your advice to them?

[00:18:43] **Dante Pesce:** Well, I will say in general, the ones that are already compliant with something inside Europe, outside of Europe are likely to be able to adjust. And why not to integrate missing elements and to better, no, sorry, improve grievance [00:19:00] mechanisms and better engage with their, uh, rights holders that they might be impacting?

[00:19:04] **Dante Pesce:** Why not? Uh, so I think that's going to happen. The ones that are more competitive already will remain and will be more competitive even. So I, I'm not too concerned about, uh, that side because I think we will be able to tell many positive stories, uh, on that side. Uh, the thing is, in terms of inclusion, uh, the ones that are not now already.

[00:19:27] **Dante Pesce:** Part of supply chains and are struggling to even survive at national level, even be medium-sized, but, but, uh, struggling on daily basis. I'm, I don't think that this, uh, legislation is going to have, um, an impact on them, a

positive one, and, and it might even, but it's something to be proven. I, I hope I will be wrong with my, uh, assumption.

[00:19:50] **Dante Pesce:** They might be, but they might even lose, uh, opportunities because they are of, uh, higher risk. Um, so that is to be [00:20:00] seen. At the minimum, the ones that are going to be, uh, more competitive. Uh, they were gonna be happy, I guess. I, I assume, and I hope so. Uh, but the, everyone else that I don't really know, what is the magnitude of the everyone else.

[00:20:13] **Dante Pesce:** I, it might be the case that they will not be very happy, and my concern is that if they're not happy and it is a democracy, uh, or they are too influential, the industry associations, there might be pushbacks and there might be excuses around protectionism, neocolonialism, et cetera. Uh, that in my view are often just excuses for our own underperforming, uh, nature, somehow for us underperforming in the South.

[00:20:42] **Dante Pesce:** Uh, but nevertheless, uh, I think that's an area of risk that I, I think, has not been addressed sufficiently by the policymakers in Brussels, uh, which are all the unintended negative consequences.

[00:20:56] **Ayanda Charlie:** It sounds like there may be challenges to overcome when implementing the [00:21:00] due diligence laws. I asked Dante to tell me about some of the biggest misconceptions that policymakers and business leaders have about human rights due diligence.

[00:21:10] **Dante Pesce:** One thing is that, um, the policy making of any policy is driven by those who believe in that policy. Not by the acceptables, but the believers. And when you are a believer on anything, uh, you tend not to see the other side of the coin, which I have stressed a few times now, the potential negative, uh, impacts or the potential unintended negative consequences.

[00:21:38] **Dante Pesce:** So a clear example that the climate change, uh, um, let's say agenda, we need to transition into a low carbon economy. All agree on that. There are transition minerals and we need to get it right. All agree with that? What happens with the countries that their life depend on carbon, oil and gas that are [00:22:00] about 40 countries to in which more than 50% of the budget of their governments rely on oil.

[00:22:06] **Dante Pesce:** And uh, so what's gonna happen with those 40 countries when they realize that they're going to be running out of business altogether? Um, older workers, their, you know, business, uh, ecosystem, but also they're going to vote, uh, internationally and they're going to be inclined, I guess, to vote in a way

that is not really going to be pushing the climate change agenda within enthusiasm because the It's against their short term or medium term interests.

[00:22:33] **Dante Pesce:** So those are unintended negative consequences, uh, to be taken on board that is not from another planet. It's something that I think realistically it's, it might or I think it's going to happen. So those are the kind of examples that we. We should, or policymakers should put on the table to say we need to address the other side of the coin, be, uh, realistic about [00:23:00] them and put in place, uh, the mitigating effort to actually address those potential risks.

[00:23:07] **Dante Pesce:** If we want this agenda to actually be a success story, um, it will be a success story for some that's, I think it's, It's clear, but it might not be a success, success story for others. Um, and that part is unclear. Uh, the other thing for the business community is the bidirectional, uh, that the, the need for engagement and participation in a bidirectional way.

[00:23:33] **Dante Pesce:** So it's not only the big company telling or notifying the smaller one what they should do. But actually the smaller one, judging the big one and saying, this is this policy that you're putting in place. Some of them are driving me in the right direction, some of them are not. Um, and how can you know? Uh, without, uh, my fear of some sort of retaliation.

[00:23:57] **Dante Pesce:** So it's the same thing that an [00:24:00] individual worker without a union, uh, it's somehow powerless. The same thing happens with an exporting, uh, company that is somehow powerless regarding their client. Uh, so from the large company, don't assume that everything that you think is good is actually good, uh, in the sense of the impacts that is, uh, taking place on the ground.

[00:24:24] **Dante Pesce:** Uh, if you don't ask, uh, and if you don't bring in critical voices from the other end of your chain, you will not know acting always, uh, in good faith.

[00:24:37] **Ayanda Charlie:** As Dante highlights, the implications of due diligence laws across borders and coastlines require commitment and collaboration of a global community to prevent violations, but also to cease operations responsibly. This is why it is crucial that parties around the globe participate in decision-making for policies which affect them.

[00:24:57] **Ayanda Charlie:** Different sectors also have different challenges.

I asked Kees Gootjes, a Business and Human Rights Advisor with a career focused on the social and human rights impacts of businesses and financial institutions, to weigh in. Kees has consulting experience across different sectors. So Kees, can you briefly tell me, what does good reporting on human rights due diligence look like in practical terms?

[00:25:23] **Kees Gootjes:** Yeah, I think, you know, there's a lot of technical jargon that you can use, but I would want to limit it to sort of three variables that we're looking for. I guess one is that it's exhaustive, right? So you want to know that there's been enough research done that you'd know what your human rights issues are.

[00:25:40] **Kees Gootjes:** So what kind of a company are you? What kind of a financial organization are you? What are you doing? What kind of stuff are you making? What kind of resources do you need? What kind of service are you providing? And, um, what kind of an impact are you having? So you want to have a sort of exhaustive list of that.

[00:25:55] **Kees Gootjes:** Um, because you, there's always an impact. Sometimes you just need to look for it a little bit more. [00:26:00] Um, I think another big, uh, sort of element is that it needs to come from different perspectives. The way we as company look at a particular risk is different from what somebody else would look to, you know, what we'd call the rights holder perspective.

[00:26:17] **Kees Gootjes:** So not just look at it from, you know, a bank looking out, but look at it from, you know, society or from somebody being impacted or from a, uh, trade union or whatever it is. Um, so take different perspectives when looking at your human rights issues and I think the third one would be you want it to be.

[00:26:35] **Kees Gootjes:** Structured in, in, in a way that it kind of reads well. That, that, that it makes sense. And I think that's something we've been trying to do at AV and Emerald Bank is move from reporting to communicating. When you're reporting, you're just, you know, putting stuff on paper. Whereas we try to sort of tell a little bit of a story.

[00:26:52] **Kees Gootjes:** Sometimes it is a little bit tough, but, you know, you, you want to communicate. You want to sort of show the people behind the [00:27:00] story and you want to be, you want to communicate as effectively as possible, and that's something we try to strive for as well.

[00:27:08] **Ayanda Charlie:** And from your consultant background, do you have examples of challenges, successes, or, or just lessons when it comes to due diligence implementation in different sectors?

[00:27:18] **Ayanda Charlie:** Of course, you don't have to give away any confidential information.

[00:27:22] **Kees Gootjes:** My biggest sort of thing is, there's always an impact on people, no matter what we do, no matter what you do or don't do for that matter, if you don't provide a mortgage to somebody who's looking, you're having an impact on somebody. So the decisions that are made on an everyday basis at a company.

[00:27:40] **Kees Gootjes:** Always have an impact on people, be aware of that, and then, um, act accordingly. Um, and, you know, there are some, some, some examples whether it be, you know, my experience, like I said, I worked as a consultancy at a consultancy and you're exposed to a lot of different sectors. So I had a lot of fun working in all kinds of different sectors, trying [00:28:00] to look at the, you know, the human impacts, uh, from, you know, the acquisition of a holiday park and the holiday park, uh, you know, has a.

[00:28:08] **Kees Gootjes:** It's an amazing environment, but at the same time, you know, the people working there, they work long hours and they're often a sort of in isolated areas, sort of nature areas. Well, that has a number of human rights implications, particularly for the employees right there. There's some, there's some, um, um, potential issues there, some vulnerabilities there, or, you know, large construction projects.

[00:28:29] **Kees Gootjes:** The majority of these large construction projects are sort of put together by, are, are done by, by, you know, migrant construction workers coming from, you know, what we would see as lower income countries, um, with a particular set of challenges around that as well to, you know, um, uh, cobalt and, and, and the mining of cobalt and DRC, and not just sort of the, the, what we call the ASM mines, right?

[00:28:55] **Kees Gootjes:** The sort of artisanal small scale mines, but also the large mechanized mines. There's tens of thousands of [00:29:00] people working there as well. And moving into, you know, like I mentioned for deep sea mining. Um, uh, you know, the, the potential impacts of deep sea mining on, on, on, you know, fisheries and people whose livelihoods are attached to, to, to fishing.

[00:29:16] **Ayanda Charlie:** One of the sectors which is prominently associated with human rights abuses is the clothing industry. Evidence of labour exploitation and lack of safety standards in developing countries regularly emerges, implicating popular brands. 2023 marks ten years since the Rana Plaza factory disaster in Bangladesh, where over a thousand workers were killed.

[00:29:38] **Sound Bite:** The main thing that happened was that for the first time in the fashion industry, you had a legally binding agreement on factory safety, which was the Bangladesh accord on, uh, fire and building safety. It has definitely worked. It meant that there were inspections of over 1600 factories, and [00:30:00] I have no doubt that without the Bangladesh accord, there would've been more Rana plazas.

[00:30:06] **Ayanda Charlie:** Kees worked in the garment sector for several years and so naturally I asked him to comment on what it would look like to remedy a disaster like this and how it would be possible for companies to build systems that provide adequate compensation in the event of such a tragedy.

[00:30:22] **Kees Gootjes:** When it comes to the concept of remedy, you know, remedy is what people often refer to as being made whole again, having something fixed again, essentially.

[00:30:30] **Kees Gootjes:** I actually like the, the, the Dutch way of saying Remedy. It's called ... which literally translated is, 'being fixed, but also being heard'. So part of Remedy, there's lots of different components of Remedy. One of them is ofcourse compensation. And when you look at a, uh, disaster like Rana Plaza, of course, you know the victims and the families, uh, need to be compensated one way or the other.

[00:30:53] **Kees Gootjes:** But there are also other elements that are part of Remedy. Um, you know, for example, being able to find [00:31:00] another job again, or, you know, ensuring, and that's what how you saw with the Bangladesh accord, ensuring that a similar disaster doesn't happen again.

[00:31:09] **Ayanda Charlie:** Cases now in the finance sector, investors and lenders need credible, timely, and accurate information on corporate human rights behavior.

[00:31:18] **Ayanda Charlie:** The finance sector has a critical role in supporting the transition to a low carbon economy. At the same time, when directing investments to secure the materials needed for the green technologies, the sector needs to ensure there is no additional environmental and human rights harm in the process. Now the finance community is also increasingly under scrutiny and to understand what the portfolio impacts are I chatted to Kees about this and the particular implications for the finance sector?

[00:31:47] **Kees Gootjes:** Well, I think, you know, it's, it's, it's, it's part of our role, um, that we need to, uh, engage with our clients and with our, um, you know, the companies that we invest in on behalf of our, on behalf of our, our, our own clients.[00:32:00]

[00:32:00] **Kees Gootjes:** Um, Uh, and, and it really, again, differs on whether you're in a direct funding, direct lending relationship with a client or whether you're part of a syndicate or whether you are, you know, investing through public equity in a particular company. Um, but, you know, within what we have as AB and Emeral Bank is we have an engagement committee where we meet on a regular basis and where we, you know review the high risk sectors that we are involved in and review also particular cases when it comes to, or individual cases when it comes to, you know, engaging with them on this.

[00:32:31] **Kees Gootjes:** Um, and I think it kind of underlines the, one of the bigger takeaways that, uh, that I've been working in the financial sector, our biggest impact as financial sector and as bank is not, you know, our direct operations, yes, of course we have an impact. We employ 20,000 people and, um, you know, have an impact there.

[00:32:51] **Kees Gootjes:** But our biggest impact is through the money that we lend to our, that we make available to our clients, that we make available to the companies that we invest in through public equity. [00:33:00] They do stuff with the money they receive from us and so we really need to make sure that we are having these conversations with our clients, with the companies we invest in on an ongoing basis, so that they're aware of the, again, the human rights impacts, the impacts on people that their activities are, are, uh, uh, are having.

[00:33:20] **Ayanda Charlie:** So in regions where human rights violations, you know, have been occurring and, raw materials that are needed, right? Critical raw materials that are needed are being sourced from those regions. You know, how can, how can human rights violations be avoided? Right? Because in this instance, the source, um, where you get them from is already compromised.

[00:33:45] **Kees Gootjes:** Yeah, and that's a very, very difficult question. Maybe one of the biggest questions when it comes to, you know, we all need to transition to what we would call a low carbon economy. We basically gotta stop burning oil and gas, um, or at least dramatically reduce that. But in [00:34:00] order to do that, We need a number of critical minerals, um, and critical other sort of raw materials.

[00:34:06] **Kees Gootjes:** Um and, uh, you need to make sure that they are not being in, that, that people involved in that process are not being, you know, negatively impacted in some way. That's the term we call is the just transition. Um, and, and, you know, um, the way we look at it is we kind of look at it, what can we do?

[00:34:28] **Kees Gootjes:** What's in our sort of locus of control, I guess? And one of the, um, uh, sectors that we've picked up on is, is, is the solar panel sector and the, you know, production of solar panels. Um, and, uh, you know, largely dominated by

a particular country and by a particular region, the Xinjiang region. Um, and we have, uh, sort of started up an engagement.

[00:34:49] **Kees Gootjes:** Process where we are talking to a number of our clients, actually a fairly large, significant number of our clients on, um, on this topic and what they are doing to [00:35:00] address the human rights impacts related to the solar, uh, related to the supply chain of solar panels. Um, in an effort to kind of use the leverage that we have, use the sort of convening power, I guess you can almost call it that we have to, um, you know, create or contribute in whatever way we can to a little bit of a cleaner, uh, uh, solar panel supply chain.

[00:35:27] **Ayanda Charlie:** It's impossible to know where you're going or indeed, where you've been, if you don't have a working map. This analogy rings especially true for due diligence – it's not possible without supply chain mapping. Supply chain traceability can pose challenges for many companies, particularly when there is a wide variety of sectors up and down stream, and across multiple jurisdictions.

[00:35:50] **Ayanda Charlie:** It's a neverending story of sorts, as laws and environments evolve and change. Going forward, topics such as tax, procurement practices, and corruption, for example, which can create or exacerbate human rights violations, might be included in due diligence laws. So, now that we've looked at the issues both with a telescope and a magnifying glass, what's the crux?

[00:36:13] **Ayanda Charlie:** Using a risk-based due diligence approach to all key areas of business, not only in relation to human rights but also to environmental and economic impacts, allows companies to identify, avoid and address impacts effectively. Global approaches and the alignment with widely adopted standards and international due diligence policies is crucial.

[00:36:36] **Ayanda Charlie:** Due diligence developments go in parallel with increasing demands for information. From the GRI's perspective, sustainability reporting ensures that all steps of the due diligence have been effectively followed by providing evidence. It enables communicating what the organizations' impacts are; who their stakeholders are and how they are engaged; how impacts are identified and how they're managed.

[00:37:01] **Ayanda Charlie:** Communication is also one of the steps of due diligence in itself, meaning complying with due diligence requirements is not possible without reporting. Finally, public reporting with the GRI Standards puts critical human rights impact information on an equal footing with financial reporting, bringing it closer to the attention of the management and investors. By speaking common global language and working together, we can all play our part to make 2030 a better world when we get there.

[00:37:26] **Ayanda Charlie:** Thank you for tuning into Episode 1 of The SDG Insider. Join us again for more topics related to the Global Goals and be sure to click the subscribe button so that you don't miss any upcoming episodes. For more information on the Global Reporting Initiative, visit www.globalreporting.org. Until next time.

[00:38:01] **Ayanda Charlie:** This podcast is produced by 2Stories for the Global Reporting Initiative, written by Linda Scarborough, produced by Carol Williams with audio editing, engine engineering and sound design by Kozi Mzimela and Jordyn Toohey. Thanks to the BBC and Sky Daily News for the audio clips used in this episode. For more information on references used, please refer to the show notes.