

HUMAN RIGHTS IN WIND TURBINE SUPPLY CHAINS UPDATE 2019

Assessing the level of due diligence conducted by wind turbine manufacturers supplying the Dutch market



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EXECUTIVE SUMMARY

Wind energy is essential for the energy transition and for preventing the worst impacts of global warming. However, in order to realise a truly sustainable energy transition, the production of wind turbines must not have undue adverse impacts on human rights and the environment. For example, adverse human rights impacts and environmental damage related to the mining of important minerals that are used in the production of wind turbines, such as iron ore and copper, must be avoided.

Companies producing wind turbines have a responsibility to behave responsibly and take steps to avoid these impacts. It is also important to note that ActionAid and SOMO do not question the need for a transition towards a system of sustainable energy provision, nor the vital role that wind energy has to play in that transition. On the contrary, this report is designed to encourage and support the deployment of wind energy technologies in a truly sustainable manner.

This report assesses the responsible business conduct policies and practices of seven wind turbine manufacturers that are the largest suppliers of the Dutch market: General Electric (GE), MHI Vestas Offshore Wind, Siemens Gamesa, Nordex, Goldwind, Lagerwey and Enercon. The report serves as a follow-up to the 2018 ActionAid and SOMO report *Human Rights in Wind Turbine Supply Chains*, which identified significant gaps in the wind turbine manufacturers' efforts to prevent adverse human rights impacts in wind turbine supply chains. The present research assesses to what extent the wind turbine manufacturers conduct risk-based due diligence to prevent such impacts, in accordance with the government-backed OECD Guidelines for Multinational Enterprises (OECD Guidelines). These due diligence expectations form an integral part of both the OECD Guidelines and another authoritative normative standard, the United Nations Guiding

Principles on Business and Human Rights (UNGPs), and they were included when the Guidelines were revised and the UNGPs established in 2011.

The report finds that while some small steps have been taken, the wind turbine manufacturers are not meeting the expectations for due diligence laid out by the OECD Guidelines. With the exception of GE, which acts on a number of specific risks related to conflict minerals, the manufacturers are generally unable to show how they have prioritised risks on adverse impacts on stakeholders, which concrete actions they have taken to prevent or mitigate harmful impacts, nor whether they monitor the implementation and results of these actions. Four of the seven companies (MHI Vestas Offshore Wind, Goldwind, Lagerwey and Enercon) have not committed publicly to acting in accordance with the OECD Guidelines or the UNGPs.

In terms of the six steps of due diligence outlined in the OECD Guidelines and further specified by the 2018 OECD Due Diligence Guidance for Responsible Business Conduct, companies appear to be closest to fulfilling the normative expectations on steps one (integration in policies and systems) and two (identification of risks), although more work must still be done here still. Overall, the companies are only at the beginning of fulfilling the normative expectations on steps three (taking action), 4 (monitoring results), 5 (communicating transparently) and 6 (providing for remedy). None of the companies investigated can demonstrate that it has done due diligence or taken action to address the range of adverse impacts on people and the environment associated with wind turbine supply chains. None of the companies have made meaningful progress on the issue since the publication of the ActionAid-SOMO report in January 2018.¹

The report recommends that wind turbine manufacturers that have not yet committed to the OECD Guidelines should do so immediately and that all companies should focus on improving their due diligence policies and practices in accordance with the OECD Due Diligence Guidance. Wind turbine manufacturers should take clear and comprehensive actions to prevent and mitigate negative impacts associated with the production of wind turbines.

¹ ActionAid & SOMO, "Human rights in wind turbine supply chains. Towards a truly sustainable energy transition", (Amsterdam: ActionAid, 2018).

The companies should also ensure they monitor the implementation and results of these actions by using meaningful indicators and involving stakeholders.

The Dutch government needs to take action to ensure that wind turbine manufacturers are abiding by the government expectations laid out in the OECD Guidelines. Given the positive impact that the Dodd-Frank mandatory due diligence legislation in the United States appears to have had on GE's due diligence policies and practices, the Dutch government should introduce broad mandatory due diligence legislation that requires companies to undertake effective and thorough due diligence across their operations, supply chains and business relationships. The government should also incentivise companies to conduct proper due diligence by including responsible business conduct requirements in the conditions for wind energy tenders and subsidies.

Front runner, ambitious due diligence implementation



First steps and due diligence only for part of the supply chain



First due diligence steps, but only step 1 and 2 out of 6 of the OECD Guidelines



First steps of CSR



No CSR policy

1. | INTRODUCTION

1.1. | Towards a truly sustainable energy transition

In order to reduce greenhouse gas emissions from energy production and to achieve the goals set in the 2015 Paris Agreement on climate change, many countries around the world plan to increase their use of wind energy. While acknowledging that wind energy plays a crucial role in stopping climate change, it is essential that human rights and the environment are respected in the production of wind turbines in order to realise a truly sustainable energy transition. In January 2018, ActionAid and SOMO published the report, *Human Rights in Wind Turbine Supply Chains*, which addresses the responsibility of wind turbine producers to prevent and mitigate adverse impacts on human rights and the environment in their supply chains.² For example, adverse impacts related to the mining of minerals for the production of wind turbines include armed conflict, corruption, tax evasion, forced displacement of communities living near mining sites, destruction of ecosystems and pollution (Box 1). The report showed that respecting human rights in wind turbine supply chains remained a blind spot for most wind turbine manufacturers that supply the Dutch market, as well as for the Dutch government.³

² ActionAid & SOMO, "Human rights in wind turbine supply chains. Towards a truly sustainable energy transition", (Amsterdam: ActionAid, 2018).

³ ActionAid & SOMO, "Human rights in wind turbine supply chains. Towards a truly sustainable energy transition", (Amsterdam: ActionAid, 2018), p. 28-29.

⁴ ActionAid South Africa, 2018, "Mining in South Africa 2018: Whose Benefit and Whose Burden", <https://www.osf.org.za/wp-content/uploads/2019/02/sar-5.3_online.pdf> (7 November 2019), p. 60, 68.

Box 1. The impact of manganese mining in the Northern Cape, South Africa⁴

South Africa contains the biggest reserves of manganese, one of the essential minerals used in wind turbines, in the world. While the global demand for manganese is growing, communities in Maremane, South Africa, have linked several forms of human rights abuses to companies mining manganese in the Northern Cape. A recent study that was conducted among eight mining affected communities in South Africa found that the manganese mining activities have contributed to air pollution, local environmental damages and health issues, among other issues. The report also shows that women generally did not benefit from the presence of the mines and instead experienced an increase in different forms of gender-based violence as a result of the development of the mines.



A study conducted among 8 affected communities in South Africa found that manganese mining activities contributed to air pollution, health issues and an increase in gender based violence.

The publication of the ActionAid-SOMO report drew public and political attention, as evidenced by several parliamentary motions and proposals that stressed the importance of human rights due diligence in the energy transition.⁵ In response, wind energy companies, along with the Dutch government, initiated discussions about a multi-stakeholder Responsible Business Conduct (RBC) agreement in the wind energy sector, to be facilitated by the Dutch Social and Economic Council (SER).⁶

The present report represents a follow-up to the 2018 research. It aims to assess the extent to which the seven wind turbine manufacturers that were examined in the initial report (MHI Vestas Offshore Wind, Siemens Gamesa, Lagerwey, Goldwind, Nordex, Enercon and General Electric (GE)) have acted upon ActionAid and SOMO's recommendations and improved their policies related to risk-based due diligence in their wind turbine supply chains. The report takes the different steps of due diligence expected by the UNGPs and the OECD Guidelines as its starting point and normative benchmark. The research analyses the companies' general due diligence processes as well as at how the companies approach the specific risks associated with the extraction and processing of minerals that play an important role

in the production of wind turbines, such as iron, aluminium and copper (Boxes 2 and 3).⁷ The report also provides recommendations for governments and companies in chapter 3.

Box 2. The impact of mining for copper and other minerals in Chingola, Zambia⁸

Zambia holds the largest reserves of copper in Africa and is the seventh-largest producer of copper in the world. Research by Swedwatch shows that communities in Chingola, Zambia, experience a range of negative impacts as a result of Konkola Copper Mine's (KCM) activities. KCM is a subsidiary of the British mining company Vedanta Resources. As a result of effluent discharge from the copper mine in the local environment, which was found to contain acid, lead, zinc, iron and mercury, local residents experienced severe water pollution, health problems, reduced food security and loss of income. Community members also reported that the mining activities contributed to an increase in teenage pregnancies, crime and alcohol abuse. Swedwatch concludes that KCM's actions to mitigate and prevent negative impacts of their mining activities were insufficient and unclear.

5 See for example the parliamentary questions from Dutch the political parties GroenLinks (22 January 2018; <https://zoek.officielebekendmakingen.nl/ah-tk-20172018-1281.html>) and Partij voor de Dieren (15 August 2018; <https://zoek.officielebekendmakingen.nl/ah-tk-20182019-869.html>).

6 The negotiations on a potential RBC agreement between companies, civil society organisations, trade unions and the government are currently still ongoing.

7 ActionAid & SOMO, "Human rights in wind turbine supply chains. Towards a truly sustainable energy transition", (Amsterdam: ActionAid, 2018), p. 9.

8 Swedwatch, 2019, "Copper with a Cost", <https://swedwatch.org/wp-content/uploads/2019/05/94_Zambia_uppslag.pdf> (7 November 2019), p. 10, 27-33, 37-38.



The community in Kankoyo in Zambia's copper belt suffers greatly from the mining activities as the sulphur emissions pollute the air and the environment. The constant blasting is causing many houses to crack or even collapse.

Box 3. Brumadinho dam collapse, Brazil⁹

In January 2019, one of the tailing dams at the iron ore mine in Brumadinho, Brazil, collapsed, killing at least 248 people. The mudflow that emerged from the toxic tailings reservoir caused what is described as the worst environmental disaster in the history of Brazil. Households in the region suffered from loss of livelihoods and mental and physical health issues, amongst other issues, and environmental damage is widespread. The company that owns the mine and the dam, Vale, was also the co-owner of a tailings dam in Mariana, Brazil, which collapsed in 2015, killing 19 people.

It is important to note that ActionAid and SOMO do not question the need for a transition towards a system of sustainable energy provision, nor the vital role that wind energy has to play in that transition. On the contrary, this report is designed to encourage and support the deployment of wind energy technologies in a truly sustainable manner. An urgent shift away from fossil fuels to renewable sources of energy is essential to stop climate change. However, seeing the strong growth in the demand for wind energy (Box 4), it is crucial that the social and environmental risks of mineral production needed for the transition are considered in order to make this energy transition truly sustainable.

Box 4. Growing global demand for wind energy

The International Energy Association (IEA) estimates that global demand for energy will grow by 25 percent in 2040¹⁰ and that installed wind turbine capacity will grow to 839 gigawatts (GW) in 2023, a 39 percent increase since 2017.¹¹ Six percent of global energy demand is expected to be met with wind energy in 2023, up from 4.4 percent in 2017.¹² In the Netherlands, wind energy provided for 8.3 percent of the total electricity consumption in 2018.¹³ Wind energy also plays a crucial role in the Dutch Climate Agreement ('Klimaatakkoord'), through which the government aims to reduce CO₂-emissions by 49 percent in 2030.¹⁴ The agreement sets a goal of realising an additional offshore wind energy capacity of 11.5 GW, which is more than 2.5 times as much as the country's total offshore and onshore capacity in 2018 (4.4 GW).¹⁵

1.2. | Expectations of companies under the UNGPs and OECD Guidelines

The UNGPs were published in 2011 and were unanimously endorsed by the United Nations Human Rights Council. The revised OECD Guidelines for Multinational Enterprises were published in 2011 and have been endorsed by 44 governments, including the Netherlands. In response to parliamentary questions about the report on human rights in wind turbine supply chains, the Dutch government reaffirmed that wind turbine manufacturers have the responsibility to

9 D. Phillips, "Brazilian mining company to pay out £86m for disaster that killed almost 300 people", The Guardian, 16 July 2019, <<https://www.theguardian.com/world/2019/jul/16/vale-brazil-mining-dam-collapse-brumadinho>> (7 November 2019); J. Spring & C. Plumb, "Brazil Senate panel says Vale CFO, ex-CEO should be indicted for murder", Reuters, 2 July 2019, <<https://www.reuters.com/article/us-vale-sa-disaster/brazil-senate-panel-says-vale-cfo-ex-ceo-should-be-indicted-for-murder-idUSKCN1TX23I>> (7 November 2019).

10 International Energy Agency, "World Energy Outlook 2018 examines future patterns of global energy system at a time of increasing uncertainties", 13 November 2018, <<https://www.iea.org/newsroom/news/2018/november/world-energy-outlook-2018-examines-future-patterns-of-global-energy-system-at-a-t.html>> (23 September 2019).

11 International Energy Agency, 2018, "Renewables 2018; Power", <<https://www.iea.org/renewables2018/power>> (23 September 2019).

12 International Energy Agency, 2018, "Renewables 2018", <<https://www.iea.org/renewables2018/>> (23 September 2019); International Energy Agency website, 2019, Electricity Statistics, "Electricity production", <<https://www.iea.org/statistics/electricity/>> (27 September 2019).

13 CBS Statline, 2019, "Hernieuwbare elektriciteit; productie en vermogen", <<https://opendata.cbs.nl/statline/#/CBS/nl/dataset/82610NED/table?dl=1ACA6>> (30 September 2019).

14 Rijksoverheid, 2019, "Klimaatakkoord", <<https://www.rijksoverheid.nl/onderwerpen/klimaatakkoord/documenten/rapporten/2019/06/28/klimaatakkoord>>, p. 158-161.

15 CBS Statline, 2019, "Hernieuwbare elektriciteit; productie en vermogen", <<https://opendata.cbs.nl/statline/#/CBS/nl/dataset/82610NED/table?dl=1ACA6>> (30 September 2019).

abide by the UNGPs and the OECD Guidelines.¹⁶ The Dutch government also specifically referred to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas¹⁷ and the OECD Due Diligence Guidance for Responsible Business Conduct (Due Diligence Guidance)¹⁸ as the responsible business conduct framework for companies that operate in these supply chains.

The UNGPs and OECD Guidelines prescribe that companies conduct risk-based due diligence of their activities and in their supply chains, with the aim of preventing, mitigating and remedying adverse impacts on human rights and the environment. In 2018, the OECD Council unanimously endorsed the OECD Due Diligence Guidance, which provides further detail on how companies are expected to conduct due diligence. According to the Due Diligence Guidance, companies should conduct due diligence in six steps: (1) embed responsible conduct into company policies and systems; (2) identify risks of adverse impacts; (3) take action to cease, prevent or mitigate adverse impacts; (4) track the implementation and results of these actions; (5) communicate transparently on addressing impacts; and (6) provide remedy when it is called for.¹⁹ The expectations under each of these six steps are described further in chapter 2. It should be noted that the OECD Guidelines focus on risks to people and planet, rather than financial, reputational or other risks to a company itself.

1.3. | Methodology

The report is based on desk-research of information the seven case study companies publish in their annual and sustainability reports and on their websites. The report takes the 2018 OECD Due Diligence Guidance for RBC as its normative framework and reference point because it is both

authoritative – government-backed, developed through a broad multi-stakeholder process, and based in the widely-accepted OECD Guidelines – and provides a significant level of detail and guidance to help companies do due diligence. The report focused on the same seven offshore wind turbine manufacturers that were examined in the first ActionAid-SOMO report.²⁰

In August, 2019, all of the companies were provided the opportunity review initial draft findings and provide additional information where relevant. Of the seven companies, only MHI Vestas Offshore Wind and Siemens Gamesa responded to this review opportunity and provided input, which was incorporated into the report. A second opportunity for the companies to review was provided in October, 2019, when companies were provided a second draft for comment. Three companies responded to this review opportunity. MHI Vestas Offshore provided further input, which has been incorporated into the final report. Lagerwey responded that it was ‘not interested in the report’.²¹ Siemens Gamesa commented on the selection of focus companies but did not make any comments on the text of the report.

It should be noted that the assessment did not take into account the due diligence policies and actions of parent companies (i.e. Siemens and Iberdrola in the case of Siemens Gamesa, and Vestas Wind Systems A/S and Mitsubishi Heavy Industries Ltd in the case of MHI Vestas Offshore Wind), as these companies are registered as separate companies with their own governance systems, policies and operations. Although Lagerwey is a fully-owned subsidiary of Enercon, both companies were researched separately.

16 See for example the parliamentary questions from Dutch the political parties GroenLinks (22 January 2018; <https://zoek.officielebekendmakingen.nl/ah-tk-20172018-1281.html>) and Partij voor de Dieren (15 August 2018; <https://zoek.officielebekendmakingen.nl/ah-tk-20182019-869.html>).

17 OECD, *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, (Paris: OECD, 2016), <http://mneguidelines.oecd.org/Brochure_OECD-Responsible-Mineral-Supply-Chains.pdf>.

18 OECD, *OECD Due Diligence Guidance for Responsible Business Conduct*, (Paris: OECD, 2018), <<http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>>.

19 OECD, *OECD Due Diligence Guidance for Responsible Business Conduct*, (Paris: OECD, 2018), <<http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>>.

20 While Vestas Wind Systems A/S is also an important producer of wind turbines, this study is limited to the seven companies that were selected in ActionAid & SOMO, “Human rights in wind turbine supply chains. Towards a truly sustainable energy transition” (Amsterdam: ActionAid, 2018).

21 Personal communication to ActionAid and SOMO (16 October 2019).

2. | ASSESSMENT OF COMPANIES' DUE DILIGENCE

For each of the six steps of due diligence, this chapter first discusses the normative expectations of the OECD Guidelines and the OECD Due Diligence Guidance, and then assesses the extent to which the seven wind turbine manufacturers currently meet those expectations. The chapter also presents recommendations for improvement on each of these six steps.

2.1. | Step 1: Embed responsible conduct in policies and systems

The 48 governments that adhere to the OECD Guidelines expect companies to operate in accordance with them. In particular, the Dutch government believes that all Dutch companies should explicitly express their intention to act in accordance with the OECD Guidelines. According to the Due Diligence Guidance, companies should start the due diligence process by embedding responsible business conduct in their policies and management systems; this is step 1 in the process.²² Responsible business conduct policies should be devised and implemented as part of the regular business processes. Companies should also extend their responsible business conduct expectations and policies to their relationships with suppliers and other businesses.

2.1.1. | Findings

Of the seven companies in this study, only three – GE²³, Nordex²⁴ and Siemens Gamesa²⁵ – explicitly commit to abiding by the OECD Guidelines and/or the UNGPs in public statements or their annual reports. MHI Vestas Offshore Wind does not mention these normative frameworks in publicly available communication, but does commit to following the UNGPs in its Supplier Code of Conduct, which the company provided to ActionAid and SOMO in response to this research.²⁶ Lagerwey, Goldwind and Enercon do not publicly endorse the OECD Guidelines or the UNGPs.

Siemens Gamesa, Nordex, MHI Vestas Offshore Wind and GE report on how they have embedded responsible business conduct into their policies and management systems. Siemens Gamesa has developed a Human Rights Policy (2018), Business Conduct Guidelines (2018) and a Supplier Code of Conduct/Supplier Relationship Policy, which address adverse impacts on human rights and the environment in supply chains.²⁷ In its Human Rights Policy, Siemens Gamesa states that it expects its suppliers to respect human rights to maintain fair operating and labour practices, to protect the environment and that it has zero tolerance for any form of child or forced labour. However, Siemens Gamesa does not specifically report on how it conducts due diligence in its supply chains for wind turbine materials.

Nordex mentions 'supplier due diligence processes', but does not specify whether this covers human rights due diligence.²⁸ Nordex claims it expects

22 OECD, *OECD Due Diligence Guidance for Responsible Business Conduct*, (Paris: OECD, 2018), <<http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>>, p. 22-24.

23 General Electric (GE), June 2019, "Human Rights", <https://www.ge.com/sustainability/sites/default/files/GEA18001_Human_Rights_June2019.pdf> (4 July 2019).

24 Nordex, 2019, "Use Wind Intelligently – Live Sustainably. Sustainability Report 2018", <http://ir.nordex-online.com/download/companies/nordex/Sustainability%20Report/190514_Nordex_NHB_en_s.pdf> (21 June 2019), p. 23.

25 Siemens Gamesa, 2019, "Sustainability Report 2018", <<https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-sustainability-report-2018-en.pdf>> (14 June 2019), p. 14.

26 MHI Vestas Offshore Wind, 2018, "Code of Conduct for Suppliers", p. 5 (provided to ActionAid and SOMO by email on 29 August 2019).

27 Siemens Gamesa, 2019, "Human Rights Policy", <<https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/investors-and-shareholders/corporate-governance/corporate-policies/human-rights-policy.pdf?la=en-bz&hash=F332C18BD58C8E5CE8C50824E4AEB31C562D2DF1>> (20 June 2019); Siemens Gamesa, 2018, "Business Conduct Guidelines", <<https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/business-conduct-guidelines/siemens-gamesa-business-conduct-guidelines-en.pdf>> (14 June 2019); Siemens Gamesa, 2018, "Code of Conduct for Suppliers and Third Party Intermediaries", <https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/code-of-conduct/code_of_conduct_for_suppliers_and_third_party_intermediaries_en.pdf?la=en-bz&hash=D284F9974754A8848ABC85A15035AF0F1022B007> (14 June 2019); Siemens Gamesa, 2018, "Supplier Relationship Policy", <<https://www.siemensgamesa.com/en-int/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-supplier-relationship-policy-2018.pdf>> (20 June 2019).

28 Nordex, 2019, "Use Wind Intelligently – Live Sustainably. Sustainability Report 2018", <http://ir.nordex-online.com/download/companies/nordex/Sustainability%20Report/190514_Nordex_NHB_en_s.pdf> (21 June 2019), p. 58, 60.

its suppliers to comply with its Supplier Code of Conduct, which includes respecting human rights. The company has a policy of conducting supplier audits that include the issue of human rights before it engages in relationships with a supplier.

MHI Vestas Offshore Wind does not report on how it embeds responsible business conduct into its policies and management systems on its own website, but does publish a Modern Slavery Statement.²⁹ MHI Vestas has a Code of Conduct and a Supplier Code of Conduct, which are not publicly available. The annual report of MHI Vestas is only accessible through the Danish business registry Virk.³⁰ In the report, MHI Vestas does not commit to the UNGPs or OECD Guidelines, but does state that it aims to prevent or mitigate risks of negative impacts on people or society.³¹ The company states it conducts risk-based due diligence to identify and address potential breaches of its Supplier Code of Conduct.³² It also indicates that it aims to strengthen its risk analysis process as it expects to source more from suppliers in ‘high risk countries’ in the near future.³³

GE commits to the UNGPs in its Human Rights Statement, but fails to do so in its Human Rights Statement of Principles.³⁴ The Human Rights Statement appears to apply to GE's own operations and its direct business partners, but does not extend further upstream (or downstream) in the supply chain (e.g. to the suppliers of GE's suppliers). GE has designed a specific Conflict Minerals policy and due diligence process, which also applies to the GE Renewable Energy

division.³⁵ GE explicitly indicates it has prepared its Conflict Minerals policy and report in order to meet the requirements of the US Dodd-Frank Act on conflict minerals due diligence.³⁶ In this policy, GE specifies how it implements the five steps of due diligence that are listed in the OECD Guidance on Conflict Minerals. GE describes that it has put internal reporting, supplier, smelter and refiners identification, and country of origin inquire systems in place. The Conflict Minerals policy only covers tin, tantalum, tungsten and gold ('3TG') supply chains; GE does not report on addressing human rights and environmental risks in other metal and mineral supply chains that are of significant importance for the production of wind turbines, such as iron, copper and aluminium.³⁷

Lagerwey, Goldwind and Enercon do not report on integrating responsible business conduct in their policies and management systems.

2.1.2. | Conclusions and recommendations

It is imperative that the wind turbine manufacturers that have not yet committed to the OECD Guidelines and/or UNGPs (Lagerwey, Goldwind and Enercon) do so as soon as possible and report on how they integrate responsible business conduct in their policies and systems. Of the seven companies examined in this report, GE has integrated responsible business conduct and due diligence in its business processes and systems most extensively. However, it should extend its due diligence beyond conflict mineral supply chains to all its supply chains that contain risks on adverse impacts. MHI Vestas Offshore Wind should be

29 MHI Vestas Offshore Wind, 2018, “Slavery and Human Trafficking Statement for the Financial Year Ending 2018”, <<http://www.mhivestasoffshore.com/wp-content/uploads/2019/03/Slavery-and-Human-Trafficking-Statement-2018.pdf>> (14 June 2019).

30 MHI Vestas Offshore Wind, 2019, "Annual report 2018/2019" <https://datacvr.virk.dk/data/offentliggorelse?dl_ref=ZG9rdW1lbnRsYWdlciovLzAzLzMzL2ZlZlYlL2QwLzlmOWUtNDkzZS04MGZlTmXOWY3ZDg3ZmRlMA> (31 October 2019).

31 MHI Vestas Offshore Wind, 2019, "Annual report 2018/2019" <https://datacvr.virk.dk/data/offentliggorelse?dl_ref=ZG9rdW1lbnRsYWdldjovLzAzLzMzL2ZhLzlyL2QwLzlmOWUtNDkzKS04MGZILTMxOWY3ZDg3ZmRjMA> (31 October 2019), p. 19.

32 MHI Vestas Offshore Wind, 2018, “Code of Conduct for Suppliers”, p. 5 (provided to ActionAid and SOMO by email on 29 August 2019).















33 MHI Vestas Offshore Wind, 2019, "Annual report 2018/2019" <https://datacvr.virk.dk/data/offentliggorelse?dl_ref=ZG9rdW1lbnRsYWdldjovLzAzLzMzL2ZhLzlyL2QwLzlmOWUtNDkzZS04MGZILTMxOWY3ZDgzZmRjMA> (31 October 2019), p. 27.

34 GE, June 2019, "Human Rights", <https://www.ge.com/sustainability/sites/default/files/GEA18001_Human_Rights_June2019.pdf> (4 July 2019); GE, January 2016, "Human Rights Statement of Principles", <https://www.ge.com/sustainability/sites/default/files/GEA33648_Integrity_Human_Rights_Factsheet_R6HR.pdf> (21 June 2019).

35 GE, 2019, "2018 Conflict Minerals Report", <https://www.ge.com/sustainability/sites/default/files/GE_Conflict_Minerals_Report_CY2018.pdf>
(21 June 2019).

36 GE, 2019, “2018 Conflict Minerals Report”, <https://www.ge.com/sustainability/sites/default/files/GE_Conflict_Minerals_Report_CY2018.pdf> (21 June 2019), p. 1.

37 Human rights violations and the financing of armed conflicts are important risks in several other mineral supply chains too. See for example SOMO, *There is more than 3TG*, (Amsterdam: SOMO, 2015), <<https://www.somo.nl/wp-content/uploads/2015/02/There-is-more-than-3TG.pdf>>, p. 5-6.

							
Step 1: Embed responsible conduct in policies and systems							

more transparent about its due diligence policy by making its Codes of Conduct publicly available and publishing its responsible business conduct policy on its own website.

2.2. | Step 2: Identify risks of adverse impacts

The second step of due diligence entails that companies set up a process through which they are able to identify and assess actual and potential adverse impacts of their operations, products or services. This includes the company's own operations as well as its business relationships and supply chains. The Due Diligence Guidance recommends companies set up a scoping exercise through which they identify the most significant areas of risk, and then further assess these specific risks and their involvement in them (e.g. through a causal, contributing or directly linked business relationship).³⁸ Based on this information, companies should then prioritise for action the most significant risks based on severity and likelihood.

2.2.1. | Findings

Five of the companies that are examined in this report have attempted to map risks associated to their operations (GE, Nordex, MHI Vestas Offshore Wind, Siemens Gamesa and Goldwind), although in many cases these assessments appear to be focused on risks to the company rather than risks on adverse impacts on stakeholders. GE has the most elaborate risk identification process in place, although it only targets risks associated to conflict minerals. None of the other companies reports on specific risks in its mineral supply chains. Lagerwey

and Enercon do not report on the identification of risks at all.

Through its Ethical Supply Chain Program, GE prioritises its efforts to address supply chain issues based on risks and impact.³⁹ As part of this Program, GE conducts on-site assessments of its suppliers. However, which risks GE has identified as most salient remains unclear. With regard to its supply chains that may involve the sourcing of conflict minerals, GE aims to assess risks by identifying smelters and refiners in the supply chain, contacting and engaging with suppliers on their sourcing policies and due diligence processes and reviewing suppliers against the Responsible Minerals Initiative list.⁴⁰ Each GE business is responsible for confirming that first-tier suppliers have policies and procedures in place and have been audited in accordance with the OECD Guidance. For upstream suppliers, GE implements audits through industry organisations. Nevertheless, based on publicly available information, it is unclear which risks GE has identified as most salient in its mineral supply chains.

In its 2018 Sustainability Report, Nordex lists the most important topics it aims to address through its Sustainability Strategy, which it identified based on 'stakeholder surveys and desktop analyses'.⁴¹ The environmental 'behaviour' of the company, the environmental footprint of wind power systems, health and safety and 'values and standards in the supply chain' are among the issues Nordex gives high priority. However, Nordex does not report on how it identifies adverse impacts regarding the sourcing of minerals in its supply chains. Interestingly, Nordex states that it 'was not aware

38 OECD, *OECD Due Diligence Guidance for Responsible Business Conduct*, (Paris: OECD, 2018), <<http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>>, p. 25-28.

39 GE, January 2019, "Ethical Supply Chain Program", <https://www.ge.com/sustainability/sites/default/files/GEA33731_Ethical_Supply_Chain_Program_Jan2019.pdf> (4 July 2019).

40 GE, 2019, "2018 Conflict Minerals Report", <https://www.ge.com/sustainability/sites/default/files/GE_Conflict_Minerals_Report_CY2018.pdf> (21 June 2019), p. 1-4.

41 Nordex, 2019, "Use Wind Intelligently – Live Sustainably. Sustainability Report 2018", <http://ir.nordex-online.com/download/companies/nordex/Sustainability%20Report/190514_Nordex_NHB_en_s.pdf> (21 June 2019), p. 14-15.

of any risks [in its operations or at suppliers] relating to child labor [or] forced labor in the period under review'⁴², despite this being a significant risk in several mineral supply chains, such as cobalt and copper (see Boxes 1, 2 and 3).⁴³

On its own website, MHI Vestas Offshore Wind only communicates about its Gender Pay report and Anti-Slavery Statement.⁴⁴ In its annual report, MHI Vestas states that it has conducted a number of risk analyses in 2018/2019 in order to identify risks for the company itself and for society.⁴⁵ Corruption, negative impacts on communities and human and labour rights violations in specific markets are among the risks the company has identified through these analyses. MHI Vestas Offshore Wind reports on identifying potential breaches of its Code of Conduct when it performs audits or in its Supplier Approval Process.⁴⁶ The company aims to identify violations of its Supplier Code of Conduct by segmenting its supplier base according to perceived risks of violations.⁴⁷ By doing this, the company is able to allocate ‘resources to the group of suppliers that pose the highest risk to MHI Vestas Offshore Wind and society’ in order to ‘mitigate the risk and create societal value’. The company states that this process has currently identified ‘management systems’ and ‘health and safety’ as the most salient issues.⁴⁸ MHI Vestas does not communicate on identifying risks in its mineral supply chains.

In its 2018 Sustainability Report, Siemens Gamesa reports on conducting a 'CSR diagnosis' through which it has defined issues that are material to

Siemens Gamesa and/or its stakeholders.⁴⁹ Health and safety, integrity and corruption, regulatory compliance, non-discrimination, human rights, relationships with communities, CSR procurement practices and suppliers' assessment and greenhouse gas emissions are among the material issues that Siemens Gamesa has identified based on this materiality mapping. The company also reports on screening all of its 17,000 tier-1 suppliers in 2018 on 'high standards compliance with our excellence value' and that it has 792 'sustainability high-risk suppliers', which accounted for 22 percent of the company's total procurement value in 2018.⁵⁰ However, Siemens Gamesa does not specifically report on how it identifies adverse impacts regarding the sourcing of minerals in its supply chains or whether the 'CSR diagnosis' or supplier screening has also included issues and suppliers in mineral supply chains.

Goldwind has included a materiality matrix in its 2018 sustainability report, but this index appears to focus on identifying the most relevant issues for the report rather than identifying the most salient potential and actual adverse impacts.⁵¹ The matrix identifies ‘coping with climate change’, ‘occupational health and safety’ and ‘fair and standard employment’ among the most salient issues to the company and its stakeholders. Goldwind reports it aims to reduce its greenhouse gas emissions and aims to prevent adverse impacts on ecological systems in water and land when constructing windfarms.⁵² However, the company does not report on how it identifies adverse impacts

42 Nordex, 2019, "Use Wind Intelligently – Live Sustainably. Sustainability Report 2018", <http://ir.nordex-online.com/download/companies/nordex/Sustainability%20Report/190514_Nordex_NHB_en_s.pdf> (21 June 2019), p. 87.

43 US Department of Labor, 2018, “2018 List of Goods Produced by Child Labor or Forced Labor”, <<https://www.dol.gov/sites/dolgov/files/ILAB/ListofGoods.pdf>> (30 September 2019), p. 11-12.

44 MHI Vestas Offshore Wind website, "Corporate Social Responsibility", <<http://www.mhivestasoffshore.com/corporate-social-responsibility/>> (30 September 2019).

45 MHI Vestas Offshore Wind, 2019, "Annual report 2018/2019" <https://datacvr.virk.dk/data/offentliggorelse?dl_ref=ZG9rdW1lbnRsYWdlciovLzAzLzMzL2ZhLzlyL2QwLzlmOWUtNDkzZS04MGZILTMxOWY3ZDg3ZmRiMA> (31 October 2019), p. 19, 22.

46 MHI Vestas Offshore Wind, 2018, "Slavery and Human Trafficking Statement for the Financial Year Ending 2018", <<http://www.mhivestasoffshore.com/wp-content/uploads/2019/03/Slavery-and-Human-Trafficking-Statement-2018.pdf>> (14 June 2019), p. 3.

47 MHI Vestas Offshore Wind, 2019, "Annual report 2018/2019" <https://datacvr.virkl.dk/data/offentliggorelse?dl_ref=ZG9rdW1lbnRsYWdlcioyLzAzLzMzL2ZlLzlvL2QwLzlmOWUtNDkzZS04MGZILTMxOWY3ZDg3ZmRiMA> (31 October 2019), p. 27.

48 Personal communication to ActionAid and SOMO (29 August 2019).

49 Siemens Gamesa, 2019, “Sustainability Report 2018”, <<https://www.siemensgamesa.com/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-sustainability-report-2018-en.pdf>> (14 June 2019), p. 13-14.

50 Siemens Gamesa, 2019, "Sustainability Report 2018", <<https://www.siemensgamesa.com/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-sustainability-report-2018-en.pdf>> (14 June 2019), p. 50-51.

51 Goldwind, 2019, “2018 Sustainability Report”, <<http://www.goldwindglobal.com/images/about/duty/report/2018.pdf>> (3 July 2019), p. 16.

52 Goldwind, 2019, “2018 Sustainability Report”, <<http://www.goldwindglobal.com/images/about/duty/report/2018.pdf>> (3 July 2019), p. 39.

regarding the sourcing of minerals in its supply chains.

Lagerwey and Enercon do not report on identifying adverse impacts in general nor regarding the sourcing of minerals in its supply chains.

2.2.2. | Conclusions and recommendations

The companies that have not yet developed risk-identification systems (Lagerwey, Enercon) must do so urgently and start reporting on it. Wind turbine manufacturers should report transparently on which risks they have identified, in which supply chains, how they are linked to these risks, both in general and regarding risks in mineral supply chains in particular, and how they make decisions of prioritization. MHI Vestas Offshore Wind lists a number of risks it has identified in its annual report, but could be more specific about the supply chains in which it identified these risks. Although GE reports specifically on 3TG minerals (tin, tantalum, tungsten and gold), it could be more concrete about the risks it has identified in its supply chains. The other companies should start reporting on specific risks they have addressed in their due diligence processes. All companies should bear in mind that their risk-identification processes should focus on risks for rights-holders, rather than risks for the company itself, as currently appears to be the case for several companies. Moreover, it must be noted that human rights due diligence and risk-identification should be a pro-active process and cannot merely consist of conducting audits of suppliers.

2.3. | Step 3: Take action to cease, prevent or mitigate adverse impacts

The Due Diligence Guidance describes how companies can address the risks they have identified by either ceasing, preventing or mitigating negative impacts.⁵³ A company should stop activities that cause or contribute to adverse impacts. When directly linked to (risks of) adverse impacts, companies should use their leverage to seek to prevent or mitigate impacts by, for example, working with peers, suppliers and stakeholders on action plans that aim to stop or mitigate harmful impacts and prevent more harm from being done in the future. If efforts to address impacts are unsuccessful or ineffective, companies should consider and can ultimately decide to disengage temporarily or definitively from a business relationship.

2.3.1. | Findings

Five of the seven companies (GE, MHI Vestas Offshore Wind, Nordex, Siemens Gamesa and Goldwind) report on taking actions to address various responsible business conduct issues. GE describes a number of specific actions related to the issue of conflict minerals in its supply chains, but does not report on actions it takes in other mineral supply chains. MHI Vestas Offshore Wind reports that it increased its budget for audits and intensified its monitoring of suppliers after reviewing its due diligence process. None of the other companies describes specific actions they take to address risks in the production of wind turbines. Lagerwey and Enercon do not report at all on taking measures to address any responsible business conduct issues.

GE reports on various efforts it takes to address adverse impacts, such as reducing greenhouse gas emissions and improving occupational health and safety.⁵⁴ In its Conflict Minerals policy, GE aims to

							
Step 2: Identify risks of adverse impact							

⁵³ OECD, *OECD Due Diligence Guidance for Responsible Business Conduct*, (Paris: OECD, 2018), <<http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>>, p. 29-31.

⁵⁴ GE website, 2019, "Reports Hub", <<https://www.ge.com/sustainability/reports-hub>> (30 September 2019).

reduce risks by encouraging suppliers to remove high-risk smelters and refiners from their supply chains if these smelters/refiners do not participate in the Responsible Minerals Assurance Process.⁵⁵ GE also engages and communicates with its suppliers on addressing responsible business conduct risks and conducts on-site assessments and audits of its suppliers. Aside from its Conflict Minerals policy, GE does not report on taking actions to address other adverse impacts related to the production of wind turbines.

MHI Vestas Offshore Wind reports that it allocated more resources to its on-site supplier audits and that it intensified its monitoring and collaboration with suppliers by purchasing a digital collaboration tool after reviewing its due diligence process.⁵⁶ MHI Vestas Offshore Wind mentioned a specific case in which a sub-supplier of a supplier was accused of using forced labour in its 2018 Modern Slavery Statement.⁵⁷ Even though this sub-supplier did not provide products to MHI Vestas Offshore Wind, MHI Vestas did engage with its supplier on setting up an improvement plan. It is unclear in which part of the supply chain this case was found. In general, MHI Vestas states that it will engage with its suppliers to develop an action plan to address breaches of its Code of Conduct and will consider it a breach of a supplier's contractual obligations if that supplier fails to cooperate.⁵⁸ However, MHI Vestas Offshore Wind does not further specify which actions it currently takes to address potential risks and adverse impacts as a result of its operations or in its supply chains.

Nordex reports on various actions it takes to address adverse impacts, such as reducing greenhouse gas emissions and improving occupational health and safety.⁵⁹ However, Nordex does not specifically report on taking action to

prevent or mitigate adverse impacts related to the sourcing of minerals.

Siemens Gamesa addresses responsible business conduct issues through its 'CSR Master Plan 2018-2020'.⁶⁰ For example, Siemens Gamesa works on improving health & safety issues in its supply chains (suppliers and contractors) in the wind sector and attaining carbon-neutral operations by 2025. The company does not specifically report on taking action to prevent or mitigate adverse impacts related to the sourcing of minerals.

Goldwind reports on several actions it takes to address its salient issues. The company states that it has issued a Code of Conduct for Suppliers in 2018, which incorporates 'social responsibilities' such as environmental protection, emissions reduction, health and safety into its supplier contracting and management process.⁶¹ Goldwind says it requests its suppliers to implement 'effective measures to control environmental or occupational health risks'.⁶² However, Goldwind does not specifically report on taking actions to prevent or mitigate adverse impacts related to the sourcing of minerals.

Lagerwey and Enercon do not report on any actions they take to prevent or mitigate adverse impacts in general or specifically related to the sourcing of minerals.

2.3.2. | Conclusions and recommendations

Given the wide array of risks of adverse impacts associated with minerals extraction in wind turbine supply chains, it is important that wind turbine manufacturers assess these risks and take action to prevent and mitigate these impacts. With the exception of GE, none of the wind turbine manufacturers examined in this report appears to be

55 GE, 2019, "2018 Conflict Minerals Report", <https://www.ge.com/sustainability/sites/default/files/GE_Conflict_Minerals_Report_CY2018.pdf> (21 June 2019), p. 4-5.

56 MHI Vestas Offshore Wind, 2019, "Annual report 2018/2019" <https://datacvr.virk.dk/data/offentliggorelse?dl_ref=ZG9rdW1lbnRsYWdlciovLzAzLzZlL2ZlL2QwLzlmOWUtNDkzZS04MGZlLTmxOWY3ZDg3ZmRjMA> (31 October 2019), p. 27.

57 MHI Vestas Offshore Wind, 2018, "Slavery and Human Trafficking Statement for the Financial Year Ending 2018", <<http://www.mhivestasoffshore.com/wp-content/uploads/2019/03/Slavery-and-Human-Trafficking-Statement-2018.pdf>> (14 June 2019), p. 3.

58 MHI Vestas Offshore Wind, 2018, "Code of Conduct for Suppliers", p. 5 (provided to ActionAid and SOMO by email on 29 August 2019).

59 Nordex, 2019, "Use Wind Intelligently – Live Sustainably. Sustainability Report 2018", <http://ir.nordex-online.com/download/companies/nordex/Sustainability%20Report/190514_Nordex_NHB_en_s.pdf> (21 June 2019), p. 17.

60 Siemens Gamesa, 2019, "Sustainability Report 2018", <<https://www.siemensgamesa.com/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-sustainability-report-2018-en.pdf>> (14 June 2019), p. 14-15.

61 Goldwind, 2019, "2018 Sustainability Report", <<http://www.goldwindglobal.com/images/about/duty/report/2018.pdf>> (3 July 2019), p. 59.

62 Goldwind, 2019, "2018 Sustainability Report", <<http://www.goldwindglobal.com/images/about/duty/report/2018.pdf>> (3 July 2019), p. 31.

							
Step 3: Take action to cease, prevent or mitigate adverse impact							

taking action to prevent or mitigate these risks. Wind turbine manufacturers could start by developing action plans, in cooperation with suppliers, to address specific risks that have emerged from the risk analysis.

2.4. | Step 4: Track implementation and results

Companies should track the implementation and results of the actions they have taken to address adverse impacts as a result of their activities. For example, the Due Diligence Guidance suggests that companies could conduct regular assessments or audits in order to monitor the implementation and effectiveness of their due diligence and activities to address risks.⁶³ In tracking implementation and results, companies should consult stakeholders and impacted rights-holders, such as workers and communities.

2.4.1. | Findings

With the exception of GE, none of the companies in this research appears to track the implementation and results of their actions to address responsible business conduct issues. GE reports on measuring the implementation of the actions it takes regarding conflict minerals, but does not seem to measure the results of other actions it takes in its wind turbine supply chains, if any.

GE provides indicators related to various actions it takes to address adverse impacts in its ESG Results overview, such as reduced greenhouse gas emissions and an indicator to measure improved occupational health and safety.⁶⁴ This overview also contains a listing of 'average category findings per

global audit' that GE conducts in its supply chains. Regarding its Conflict Minerals programme, GE reports that it monitors the implementation and results of the measures it takes by carrying out joint spot checks at upstream suppliers through participation in industry-wide programmes, although it does not publish these results.⁶⁵ It should also be noted that many of these industry schemes have been found to have serious shortcomings and to be out of line with the OECD Guidelines, so much so that the OECD is now conducting a series of "alignment assessments" to assess the degree to which some of the most popular schemes are actually aligned with the due diligence approach proscribed by the OECD Guidelines. GE does not report on other measures it takes to address adverse impacts in mineral and metal supply chains.

MHI Vestas Offshore Wind indicates when it will implement some of the actions it takes to address risks (e.g. the implementation of its supplier collaboration tool), but does not report on the results of its actions.⁶⁶ In response to a draft version of this report, the company stated that the implementation of its Supplier Code of Conduct is reported to the company's CSR Steering Committee.⁶⁷

Siemens Gamesa, Goldwind and Nordex do not provide a clear overview of goals and indicators to measure their progress in addressing adverse impacts. They do not report on the implementation and results of any measures to address adverse impacts in wind turbine supply chains.

Lagerwey and Enercon do not report on the implementation and results of measures to address adverse impacts at all.

63 OECD, *OECD Due Diligence Guidance for Responsible Business Conduct*, (Paris: OECD, 2018), <<http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>>, p. 32.

64 GE, 2018, "Environmental, Social and Governance Results 2017", <https://www.ge.com/sustainability/sites/default/files/GE_ESG_KPIs_RY2017_r13_Aug2018.pdf> (21 June 2019).

65 GE, 2019, "2018 Conflict Minerals Report", <https://www.ge.com/sustainability/sites/default/files/GE_Conflict_Minerals_Report_CY2018.pdf> (21 June 2019), p. 4-5.

66 MHI Vestas Offshore Wind, 2019, "Annual report 2018/2019" <https://datacvr.virk.dk/data/offentliggorelse?dl_ref=ZG9rdW1lbnRsYWdlciovLzAzLzZlLzYlL2QwLzlmOWUtNDkzZS04MGZlTMxOWY3ZDg3ZmRjMA> (31 October 2019), p. 27.

67 Personal communication to ActionAid and SOMO (29 August 2019).

							
Step 4: Track implementation and results							

2.4.2. | Recommendations

All companies in this study need to improve monitoring of the actions they take to address responsible business conduct issues in order to assess the effectiveness of these actions. Developing sound monitoring and evaluation systems, which use meaningful indicators and also involve rights-holders and stakeholders, should be an essential element of all measures taken to address these issues.

2.5. | Step 5: Communicate transparently

Transparent communication is an essential element of the due diligence process. Companies should report publicly about their policies, processes, activities and monitoring to address actual and potential adverse impacts, according to the Due Diligence Guidance.⁶⁸ They should communicate publicly about their methods for identifying and prioritizing risks, their list of prioritized risks, the actions they have taken to address prioritized risks, and the purpose and results of these actions with regard to specific risks. Companies should also communicate directly and in a timely, specific and accessible manner to rights-holders that are impacted by (risks of) negative impacts in their supply chains.

2.5.1. | Findings

Despite the range of adverse impacts in wind turbine supply chains, none of the companies examined in this report communicates

comprehensively about its policies and activities to address these impacts. Although GE publishes an annual Conflict Minerals Report, in which it communicates relatively thoroughly about its conflict minerals due diligence, but it does not report on its overall due diligence⁶⁹ process. Siemens Gamesa⁷⁰, Nordex⁷¹ and Goldwind⁷² publish annual sustainability reports, but these do not include clear reporting on their due diligence processes. MHI Vestas Offshore Wind publishes a Modern Slavery statement⁷³, but strangely does not publish its annual report containing some due diligence-related information on its own website (the report is only available through the website of the Danish business registry Virk).⁷⁴ Lagerwey and Enercon do not report on their responsible business conduct policies and activities at all.

Some of the companies indicate which risks they have prioritized (GE, Siemens Gamesa, Nordex and Goldwind), but none provide information about how and why they selected these risks for prioritization. None report systematically on the specific outcomes of actions to address specific risks.

2.5.2. | Recommendations

The companies that already publish sustainability reports should improve these (GE, Siemens Gamesa, Nordex and Goldwind) by providing clear and accurate information on their due diligence processes. MHI Vestas Offshore Wind should make its sustainability reporting directly accessible through its website. Companies that do not report on their responsible business conduct policies and

68 OECD, *OECD Due Diligence Guidance for Responsible Business Conduct*, (Paris: OECD, 2018), <<http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>>, p. 33.

69 GE, 2019, "2018 Conflict Minerals Report", <https://www.ge.com/sustainability/sites/default/files/GE_Conflict_Minerals_Report_CY2018.pdf> (21 June 2019).

70 Siemens Gamesa, 2019, “Sustainability Report 2018”, <<https://www.siemensgamesa.com/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-sustainability-report-2018-en.pdf>> (14 June 2019).

71 Nordex, 2019, "Use Wind Intelligently – Live Sustainably. Sustainability Report 2018", <http://ir.nordex-online.com/download/companies/nordex/Sustainability%20Report/190514_Nordex_NHB_en_s.pdf> (21 June 2019).

72 Goldwind. 2019. "2018 Sustainability Report". <<http://www.goldwindglobal.com/images/about/duty/report/2018.pdf>> (3 July 2019).

73 MHI Vestas Offshore Wind, 2018, "Slavery and Human Trafficking Statement for the Financial Year Ending 2018", <<http://www.mhivestasoffshore.com/wp-content/uploads/2019/03/Slavery-and-Human-Trafficking-Statement-2018.pdf>> (14 June 2019).

74 MHI Vestas Offshore Wind, 2019, "Annual report 2018/2019" <[https://datacvr.virk.dk/data/offentliggorelse?dl_ref=ZG9rdW1pbmRsYWdlci9vYwZlZmZlZ2ZlZlYlZ2QwLzlmOWUtNDpkZS04MGZlJTMxOWY3ZDQ3ZmRiMA](https://datacvr.virk.dk/data/offentliggorelse?dl_ref=ZG9rdW1pbmRsYWdlci9vYwZlZmZlZ2ZlZlYlZ2QwLzlmOWUtNDpkZS04MGZlJTMxOWY3ZDQ3ZmRiMA>)> (31 October 2019).

							
Step 5: Communicate transparently							

actions (Enercon and Lagerwey) should start doing so immediately. The six steps of due diligence as described in the OECD Due Diligence Guidance can serve as a helpful framework to structure reporting.

2.6. | Step 6: Provide remedy where appropriate

When a company identifies that it has caused or contributed to actual adverse impacts, it should provide for or cooperate in remediation. According to the Due Diligence Guidance, the type of remedy or combination of remedies depends on the nature and extent of the impacts and may include public apologies, restitution or rehabilitation, financial or non-financial compensation, punitive sanctions or taking steps to prevent future adverse impacts.⁷⁵ Companies should cooperate with judicial mechanisms, such as public courts, or non-judicial mechanisms, such as the National Contact Points (NCPs) for the OECD Guidelines. Companies should also establish operational-level grievance mechanisms (OLGMs), such as internal complaint systems, and establish a grievance process by engaging with trade unions or workers' representatives.

2.6.1. | Findings

Three companies of the seven companies report on having possibilities to express grievances (GE, Siemens Gamesa and MHI Vestas Offshore Wind), but they do not provide information on whether these systems have been used. The other four

companies (Goldwind, Nordex, Lagerwey and Enercon) provide no information on grievance mechanisms or remediation at all.

GE offers the possibility for employees and third parties to report concerns through the GE Corporate Ombudsman system, the GE Integrity Helpline or through members of staff.⁷⁶ GE reports that 4,441 integrity concerns were raised through these systems in 2017 and that 1,423 disciplinary actions were taken, but does not specifically mention if and how it remediated cases in its mineral supply chains.⁷⁷

MHI Vestas Offshore Wind has a whistleblowing system in place that is open to anyone who has a 'reasonable interest in the company's operations' and believes MHI Vestas Offshore Wind fails to act in accordance with national law or its Code of Conduct.⁷⁸ MHI Vestas Offshore Wind describes how complaints it handles complaints in its Whistleblowing Policy.⁷⁹ In response to a draft version of this report, MHI Vestas stated that it has not yet reported on the use of the whistleblowing system as it was only launched in February 2019.⁸⁰

Siemens Gamesa has an Integrity Hotline/ Compliance Whistleblowing Hotline, to which any stakeholder can report alleged breaches of the Siemens Gamesa Code for Suppliers.⁸¹ Siemens Gamesa does not report on whether this system is used and how it deals with complaints. The company does report that it did not receive

75 OECD, *OECD Due Diligence Guidance for Responsible Business Conduct*, (Paris: OECD, 2018), <<http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>>, p. 34-35.

76 GE, 2019, "2018 Conflict Minerals Report", <https://www.ge.com/sustainability/sites/default/files/GE_Conflict_Minerals_Report_CY2018.pdf> (21 June 2019), p. 3-4.

77 GE, 2018, "Environmental, Social and Governance Results 2017", <https://www.ge.com/sustainability/sites/default/files/GE_ESG_KPIs_RY2017_r13_Aug2018.pdf> (21 June 2019).

78 MHI Vestas Offshore Wind website, "MHI Vestas Code of Conduct", <<http://www.mhivestasoffshore.com/code-of-conduct/>> (30 September 2019).

79 MHI Vestas Offshore Wind, "POL Whistleblowing Policy", <<https://mhivestasoffshore.whistleblownetwork.net/BusinessDocumentOverviews/GetFile.ashx?Id=14>> (31 October 2019).

80 Personal communication to ActionAid and SOMO (29 August 2019).















81 Siemens Gamesa, 2019, "Sustainability Report 2018", <<https://www.siemensgamesa.com/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-sustainability-report-2018-en.pdf>> (14 June 2019), p. 23.

stakeholder complaints that involved authorities regarding environmental incidents.⁸²

Goldwind, Nordex, Lagerwey and Enercon do not report on grievance mechanisms or how they provide for remediation.

2.6.2. | Recommendations


















































The four companies that do not yet have a grievance mechanism in place put such mechanisms in place immediately (Goldwind, Nordex, Lagerwey and Enercon). The three other companies could improve their reporting on how the systems are used, both in general and specifically with regard to the occurrence of grievances in mineral supply chains. Companies should also be transparent about how they provide for remediation in case actual adverse impacts are identified or if grievances are raised.

							
Step 6: Provide remedy where appropriate							

⁸² Siemens Gamesa, 2019, "Sustainability Report 2018", <<https://www.siemensgamesa.com/-/media/siemensgamesa/downloads/en/sustainability/siemens-gamesa-sustainability-report-2018-en.pdf>> (14 June 2019), p. 46.

3. CONCLUSIONS & RECOMMENDATIONS

3.1. | Conclusions

							
Step 1: Embed responsible conduct in policies and systems							
Step 2: Identify risks of adverse impact							
Step 3: Take action to cease, prevent or mitigate adverse impact							
Step 4: Track implementation and results							
Step 5: Communicate transparently							
Step 6: Provide remedy where appropriate							

With the exception of GE, which acts on a number of specific risks related to conflict minerals as a result of mandatory due diligence legislation in the United States, it must be concluded that the companies manufacturing wind turbines for the Dutch market are lagging far behind government-backed normative expectations with regard to due diligence. Although some companies commit to conducting due diligence to address human rights and environmental issues in their supply chains on paper, their reporting does not show how they have prioritised risks on adverse impacts on stakeholders, which concrete actions they have taken to prevent or mitigate harmful impacts, and whether they monitor the implementation and results of these actions. Four of the seven companies (MHI Vestas Offshore Wind, Goldwind, Lagerwey and Enercon) have not committed publicly to the OECD Guidelines or UNGPs.

GE seems to be most advanced in its implementation of due diligence, although it appears to be limited to the supply chains of four conflict minerals (tin, tantalum, tungsten and gold) required by the Dodd-Frank legislation in the US. GE is followed by MHI Vestas Offshore Wind, which reports on identifying risks and intensifying its risk-based due diligence process. Siemens Gamesa and Nordex have human rights policies in place and

report on having taken first steps to identify risks, but do not provide specific information. Goldwind reports on a number of responsible business conduct issues, but fails to show if and how it conducts due diligence. Lagerwey and Enercon do not report on their responsible business conduct policies or actions at all.

In terms of the six steps of due diligence, companies appear to be closest to fulfilling the normative expectations on steps 1 (integration in policies and systems) and 2 (identification of risks), although more work can be done here still. Overall, the companies are only at the beginning of fulfilling the normative expectations on steps 3 (taking action), 4 (monitoring results), 5 (communicating transparently) and 6 (providing for remedy). Not only does this indicate that these seven wind turbine manufacturers lag far behind on adhering to the UNGPs and OECD Guidelines, it also suggests that most of the companies take little to no action to address the range of adverse impacts on people and the environment associated to wind turbine supply chains. It appears that most companies have made little progress on the issue since the publication of the ActionAid-SOMO report in January 2018.⁸³

83 ActionAid & SOMO, "Human rights in wind turbine supply chains. Towards a truly sustainable energy transition", (Amsterdam: ActionAid, 2018).

The only company in this study that has taken serious steps to conduct due diligence in its mineral supply chains, GE, is also the only one that is bound to the US Dodd-Frank Act on conflict minerals due diligence. GE explicitly indicates it has prepared its Conflict Minerals Report in order to meet the requirements of this law. This suggests that hard law drives companies to more comprehensive and concrete action on due diligence than the weakly enforced soft law norms that have been laid out in the UNGPs and OECD Guidelines. As such, the introduction of mandatory human rights due diligence legislation appears to be a crucial driver for wind turbine manufacturers to step up their efforts in addressing negative impacts on the poorest and most vulnerable people that are affected by their operations and supply chains.

3.2. | Recommendations

The wind turbine manufacturers examined in this report still need to make much progress on all aspects of due diligence in order to reduce adverse impacts on human rights and the environment related to the production of wind turbines.

The companies should at least take the following actions in order to adhere the OECD Guidelines and UNGPs (see Chapter 2 for more specific recommendations):

- The wind turbine manufacturers that have not yet committed to the OECD Guidelines and/or UNGPs should do so immediately.
- All companies need to improve their due diligence policies and practices in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct. Companies should not confine their due diligence to specific issues or supply chains.
- Companies should develop systems through which they are able to identify risks on adverse impacts on stakeholders and the environment, which go beyond conducting supplier audits.
- Wind turbine manufacturers should report transparently on which risks they have identified, in which supply chains, how they are linked to these risks, and how they make decisions of prioritization.
- Wind turbine manufacturers should take clear and comprehensive actions to prevent and mitigate negative impacts associated with the production of wind turbines.
- The companies should also ensure they monitor the implementation and results of these actions by using meaningful indicators and involving stakeholders.
- Companies should report clearly on how they conduct due diligence and, more specifically, how they implement the six steps of due diligence outlined in the Guidance.
- Companies should have effective and accessible grievance mechanisms in place in case of actual adverse impacts. They should also be transparent about whether and how these mechanisms were used and how the company provided for remedy.

The Dutch government can take a number of actions to fulfil its “duty to protect human rights”, as prescribed by the UNGPs, and its binding commitment to promote the OECD Guidelines in working towards a truly sustainable energy transition without adverse impacts on human rights and the environment. The government should take stronger measures to incentivise companies to take action and to sanction those companies that do not. Such measures include:

- Given the positive impact that the Dodd-Frank mandatory due diligence legislation in the United States appears to have had on GE's due diligence policies and practices, the Dutch government should introduce broad mandatory due diligence legislation that requires companies to undertake effective and thorough due diligence across their operations, supply chains and business relationships.
- Insisting that wind turbine manufacturers join the Responsible Business Conduct (RBC) Agreement for the Wind Energy sector (the ‘covenant’), as it may assist them in meeting the requirements of existing and future due diligence legislation (e.g. the Conflict Minerals Directive, the Dutch Child Labour Due Diligence Law and future due diligence legislation). The government should incentivise companies to join the agreement, for example by including responsible business conduct issues in tenders.
- The government should participate actively in the RBC Agreement for the Wind Energy sector in order to ensure that ambitious and comprehensive implementation of due diligence by wind energy companies.
- In the evaluation process for the granting of subsidies and licenses for the operation and

construction of wind parks, the government should condition subsidies and licenses on applicant's respect for human rights in the supply chain, including an explicit commitment to abide by the OECD Guidelines, and give priority to companies that are able to demonstrate they conduct due diligence as contemplated by the OECD Due Diligence Guidance.

Colophon

Human Rights in Wind Turbine Supply Chains Update 2019

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