



WINDEUROPE POSITION ON RESPONSIBLE BUSINESS CONDUCT PREQUALIFICATION CRITERIA IN AUCTIONS

The European wind industry strongly supports the introduction of a prequalification criteria related to responsible business conduct in future renewable energy auctions, as requested in the Net-Zero Industry Act

The European Commission recommendation and guidance documents on renewable energy auctions recommends the application of existing legal requirements or adherence to national or European responsible business conduct codes.

Using the appropriate reference and legal framework

With regard to Responsible Business Conduct the OECD Due Diligence Guidance for Responsible Business should be the guiding framework. These guidelines also find legal ground in the EU's [Corporate Sustainability Due Diligence Directive](#) (CS3D). The same principles are also introduced as qualitative award criteria in the recent auction for the wind farm IJmuiden Ver in the Netherlands.

However, demonstrating compliance with the CS3D is not sufficient to demonstrate Responsible Business Conduct within the framework of renewable energy auctions. First because it will take several years to enter into effect. Second because only a few hundred enterprises are expected to fall under the scope of the CS3D.

Using the existing reporting requirements under the [Corporate Sustainability Reporting Directive](#) (CSRD) and the various [European Sustainability Reporting Standards](#) (ESRS) is a directly available and measurable way to demonstrate implementation of the six OECD due diligence process steps.

Ensuring the prequalification criterion is based on the CSRD requirements would provide EU-wide coherence in the application of the prequalification criterion. And avoid duplication of reporting requirements and the associated administrative burden to companies. The European Commission could prepare a guidance document on how to implement the due diligence criteria similar to the [Swedish Sustainable Public Procurement guidance](#).

For companies not in scope of the CSRD the widely adopted standards of the Global Reporting Initiative (GRI) can be used as they are largely interoperable with the ESRS.

Applying the framework in the context of wind energy auctions

Governments should apply Responsible Business Conduct prequalification criteria with a qualitative assessment. Compliance with the appropriate legislation is not a simple yes/no question. Rather the application should be assessed on the rate of compliance and the credibility/robustness of the due diligence processes and policies put in place to implement responsible business conduct.



To ensure maximum workability in the prequalification stage of an auction the wind industry recommends focusing on the 5 core principles of due diligence as presented in the delegated act on the ESRS.

- a) Embed due diligence in governance, strategy and business model
- b) Engage with affected stakeholders.
- c) Identifying and assessing negative impacts on people and the environment.
- d) Taking action to address negative impacts on people and the environment.
- e) Tracking the effectiveness of these efforts

Governments should request applicants to provide information on how they will implement these core elements on due diligence in the project. This can be done by a submitting a content index. See example below.

Core elements of due diligence	Paragraphs in the sustainability statement	Relevant requirement and reporting standard
Embed due diligence	<i>Refer to [segment] in [CSR report / statement / policy]</i>	<i>ESRS-2-Gov-2 GRI 2-12</i>
Engage with affected stakeholders.		
Identifying and assessing negative impacts		
Taking action to address negative impacts		
Tracking the effectiveness of these efforts		

For most principles this means references to the core processes and policies outlined in the annual CSR reports. The relevant ESRS disclosure requirements and GRI reporting standards for each of the core elements can be found in Annex I.

For core elements C and D ('Identifying and assessing negative impacts on people and the environment' and 'Taking action to address negative impacts on people and the environment') governments should request applicants should do a mapping of potential impacts and risks in their supply chain focusing on human rights, labour rights, and environmental impacts.

This assessment should include a similar due diligence compliance assessment of key component supplier (based on NZIA list) and specify the tools and instruments applicants will use to take action with their potential suppliers to remedy any potential adverse impacts.

Companies are recommended to highlight their participation in collective supply chain initiatives such as the Wind Energy Initiative and the Internation Responsible Business Conduct agreement as it will facilitate companies in conducting these assessments and provide them with the platforms needed to take appropriate actions. This will increase the credibility and robustness of the assessed impacts and potential actions taken.



ANNEX 1 RESPONSIBLE BUSINESS CONDUCT DUE DILIGENCE REQUIREMENT

Due diligence requirement	International reference framework	Disclosure requirement under CSRD (ESRS double materiality analysis)	Applicable Global Reporting Initiative (GRI) standard(s)	Reporting scope
Embed due diligence in governance, strategy and business model.	UN guiding principle 16 OECD guidelines step 1 CSDDD article 7	ESRS 2 GOV-2 / ESRS 2 GOV-4 ESRS 2 GOV-5 / ESRS 2 MDR-P ESRS 2 SBM-1	GRI 2-12 / GRI 2-13 / GRI 2-14 GRI 2-16 / GRI 2-22 / GRI 2-23 GRI 2-24	Company-wide and based on previous CSR reports.
Engage with affected stakeholders.	UN guiding principle 18, 20 & 31 OECD guidelines step 5 & 6 CSDDD article 12, 13 & 14	ESRS 2 GOV-2 / ESRS 2 SBM-2 Topical ESRS	GRI 2-25 / GRI 2-26 / GRI 2-29 GRI 413-1 / GRI 413-2	Project specific application of company-wide processes and policies
Identifying and assessing negative impacts on people and the environment.	UN guiding principle 17, 18 & 24 OECD guidelines step 2 CSDDD article 8 & 9	ESRS 2 IRO-1 / ESRS 2 SBM-3 ESRS S-2 / ESRS S-3	GRI 3-1 / GRI 3-2 / GRI 3-3 GRI 308-1 / GRI 308-2	Project specific (supplier mapping)
Taking action to address negative impacts on people and the environment.	UN guiding principle 19, 22 & 23 OECD guidelines step 3 CSDDD article 10 & 11	ESRS 2 MDR-A / Topical ESRS	GRI 304-1 / GRI 304-2 GRI 304-4 / GRI 407-1 GRI 408-1 / GRI 409-1 GRI 414-1 / GRI 414-2	Project specific application of company-wide processes and policies
Tracking the effectiveness of these efforts	UN guiding principle 20 & 31 OECD guidelines step 4 CSDDD article 15 & 16	ESRS 2 MDR-M / ESRS 2 MDR-T	GRI 406-1 / GRI 410-1 GRI 411-1 / GRI 413-1	Company-wide and based on previous CSR reports.

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