

## **Emerging Trends in Responsibility, Sustainability & Due Diligence – Potential Opportunities for Businesses in South Asia**

Taj President, Mumbai

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### **1. Background**

South Asian businesses play a significant role in the global market. The Asian supply chains as a whole is expected to account for at least 40 percent of the global economic output by 2030.

Given the issues brought forth with the Covid-19 pandemic and in furtherance to Sustainable Development Goals (SDGs) and the UN Guiding Principles, multiple States have (and are in the process) tabled laws pertaining Environment and Business & Human Rights (BHR) due diligence across supply chains. The institutional investors have also moved from traditional style of investing to investing in businesses that demonstrate principles of human rights, environment and good governance across operations.

Given the changing landscape in regulatory frameworks and expectations across supply chains, it becomes pertinent to simplify and understand the potential impacts of the same on South Asian businesses. Further, given the prominent role of the South Asian businesses, it becomes relevant to discuss ways of using this change to its competitive advantage.

Against the background, an event was organised by Centre for Responsible Business (CRB), in partnership with Bombay Chambers of Commerce and Industry (BC), to unfold and simplify some of the emerging global legislations, policies and practices around sustainability, responsibility and due diligence. Further, to assess the preparedness for South Asian businesses and understand the potential opportunities therein.

### **2. Objectives**

- i. To discuss emerging policy landscape, trends and expectations on environment and human rights due diligence
- ii. To deliberate on opportunities, challenges and advantages for South Asian businesses
- iii. To discuss pragmatic ways of making South Asian businesses more competitive and resilient

### **3. Agenda**

The session commenced with opening remarks of Rijit Sengupta, CEO, CRB and Sudip Khosla, Director General, BC. The Keynote address was provided by Vinod Juneja, Vice-President, SAARC Chamber of Commerce. The core deliberation was in a panel discussion format moderated by Neha Tomar, Programme Manager, CRB, where the speakers included Vidya Tikoo, Senior Vice President, Sustainability – Aditya Birla Group, Sanjay Khare, Vice President, Sustainability – Skoda

Auto Volkswagen, Shamodi Nanayakkara, Sustainability Head – Dilmah Tea, Sri Lanka, Markus Loening, Founder - Human Rights and Responsible Business (Former Member of Parliament – Germany), Chandru Badrinarayan, Founder – New Age ESG & Climate Change, Namit Agarwal, Social Transformation Lead - World Benchmarking Alliance. The session concluded with a summary and key highlights by Nandini Sharma, Director, CRB and vote of thanks by Aneeha Ranjan, Manager, BC.

#### **4. Key Highlights**

The highlights of the discussion were as:

- Business and Human Rights (BHR) to be seen as shared responsibility between buyers and suppliers. The responsibility to clean supply chains cannot be dumped only on the suppliers.
- With the UNGPs moving into the second decade, regulations around BHR and due diligence will only increase. Businesses around the globe are beginning to understand this trend.
- There is significant thrust on transparency, accountability and non-financial reporting.
- There is a need for data oriented approach, especially in the supply chain which heavily comprises the informal sector.
- To strengthen sustainability in business operations and supply chains, businesses should clearly define the purpose and actively engage with stakeholders. There is a need to further stress on the 'S' in ESG indicators.
- Investors, especially institutional investors, are considering ESG indicators for investments. The Taskforce on Climate Related Financial Disclosures recently announced that banks will lend at higher rate to businesses that fail to manage climate risks and at a lower rate to businesses which manage climate risks.
- South Asian businesses need to focus on action oriented collaborative approach, including stakeholders, to ensure responsibility and transparency in supply chains.
- There is immense scope in peer to peer learning, simplifying and generating awareness/capacity on emerging environment and human rights due diligence trends.
- The event concluded with CRB releasing their intention to create Business & Human Rights Network. The Network is yet in the initial stage but will be dedicated for South Asian businesses to understand BHR trends and policies, and find opportunities to enable sustainability, resilience and competitiveness. To know more on the BHR Network, please see Business & Human Rights Network ([LinkedIn](#)) and BizHR\_Network (Twitter).