



## Due Diligence: Where do you draw your corporate liability line?

### Overview

This practical case study session highlights the importance of knowing your suppliers through devising a clear mapping and action plan which determines liability lines. From a legal perspective, there are clear liability lines set through trade agreements, but how much responsibility should a company bear when it comes to their own due diligence? We will focus on the latest initiatives that facilitate a strong due diligence approach for both working conditions and environmental considerations.

### Speakers:

Moderator: **John Morrison**, Executive Director - Institute of Business and Human Rights

- **Yakut Oktay**, Auditing Coordinator - Operations – Foreign Trade Association
- **Leon Mol**, Senior Manager Product Integrity - Ahold

### Session Highlights

- Due diligence comes in 2 steps. First you need to know what is happening in your supply chain. You need to take your precautions. Second, if something happens, you need to act and remediate.
- Difficult topics should be shared and discussed together with governments, associations, companies etc. There are still many unsolved questions out there.
- When you look deep in your supply chain, you will find something. Child labor or sexual harassment is found in every supply chain.
- Companies can't hide anymore. The customer has access to a lot of knowledge via the internet.
- How can we increase transparency when there are trust issues between an importer and a producer? A clear flow of information through the supply chain is created on trust. Trust comes from a multiple year relation with your producer. There is a lot of value to more structural and shorter supply chains. Shorter supply chains create transparency.
- You can build your leverage in 2 ways. First, you can use your membership with FTA as a tool to create leverage. Second, as a sector you set a common goal and ask the same things of your producers.

- The FTA can't monitor everything and can't drive everyone to do 100%. FTA strives for reasonable effort where you draw the line.

### Quotes

- "Due diligence is about knowledge. The threshold between known and should have known is not the same." Leon Mol
- "You have known knowns, unknown knowns, known unknowns, unknown unknowns." Leon Mol (original quote by Donald Rumsfeld)
- "You should not be Atlas carrying the world on your shoulders alone. Due diligence is holding hands together and facing the world together." Yakut Oktay