

Symposium on Business and Human Rights

Key updates of the OECD Guidelines for Multinational Enterprises on
Responsible Business Conduct and next steps

Allan Jorgensen, Head of the Centre for Responsible Business Conduct,
Organisation for Economic Co-operation and Development (OECD)

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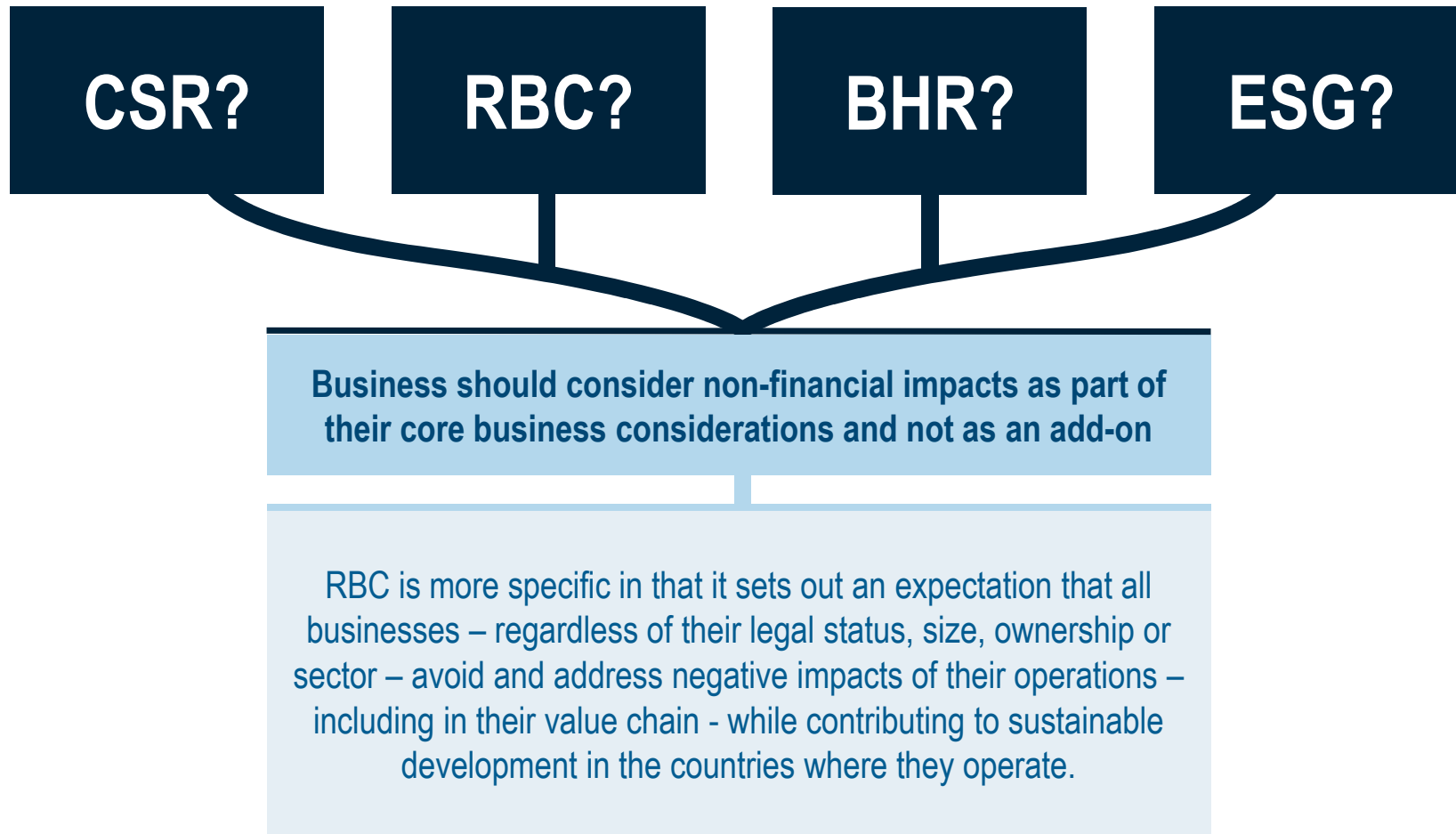


**Responsible business conduct
at the OECD**



Lost in translation?

What do we mean by responsible business conduct (RBC)?



CSR?

RBC?

BHR?

ESG?

Business should consider non-financial impacts as part of their core business considerations and not as an add-on

RBC is more specific in that it sets out an expectation that all businesses – regardless of their legal status, size, ownership or sector – avoid and address negative impacts of their operations – including in their value chain - while contributing to sustainable development in the countries where they operate.



Global trends on RBC: a few examples of regulatory and policy developments

Uptake in regulation takes various forms.

Disclosure laws

Examples:

- > UK and Australian Modern Slavery Acts, EU Corporate Sustainability Reporting Directive (CSRD);
- > EU Sustainable Finance Disclosure Regulation (SFDR) in the context of sustainable finance;
- > Taxonomies including those in Malaysia, Mexico, Chile, South Africa, etc.

Due diligence conduct requirements

Examples:

- > EU Corporate Sustainability Due Diligence Directive (CSDDD), French, Swiss, German and Norwegian laws mandating horizontal due diligence for companies;
- > EU Batteries Regulation; among others.

Product and trade bans or market withdrawal mechanisms

Examples:

- > US Uyghur Forced Labor Prevention Act, Canadian Act on fighting against forced labour and child labour, EU Deforestation Regulation and upcoming ban of products made by forced labour, etc.



Key challenges in promoting RBC at scale and at speed

Despite progress, gaps in approaches to RBC and coverage across countries and sectors remain, resulting in businesses continuing to be connected to continued adverse social and environmental impacts

Promoting global alignment and avoiding fragmentation

Greater alignment with international standards can help business, by ensuring that expectations are consistent among all businesses, by providing greater legal certainty about what is expected and reducing compliance cost

Addressing implementation challenges

Avoid blanket disengagement side-effect, develop accompanying measures in developing economies and for SMEs.

Role of Government

Creating an enabling policy environment for RBC

Recent developments at the OECD

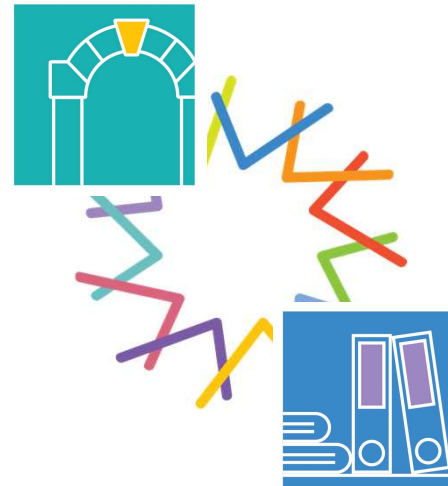
Advancing their uptake and promotion and ensuring they remain fit for purpose

Targeted update of the OECD Guidelines for Multinational Enterprises

Declaration on Promoting and Enabling Responsible Business Conduct in the Global Economy

Recommendation on the Role of Government in Promoting Responsible Business Conduct

RBC due diligence in practice





**Key updates of the OECD Guidelines
for Multinational Enterprises on
Responsible Business Conduct**



OECD Guidelines for Multinational Enterprises on Responsible Business Conduct

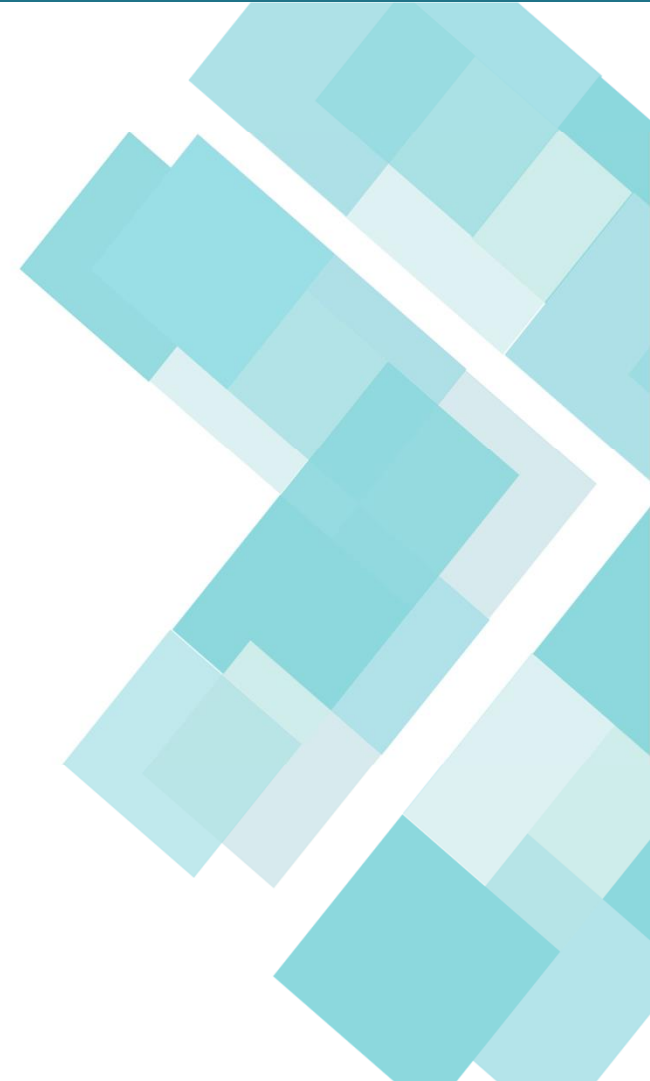
2023 Edition

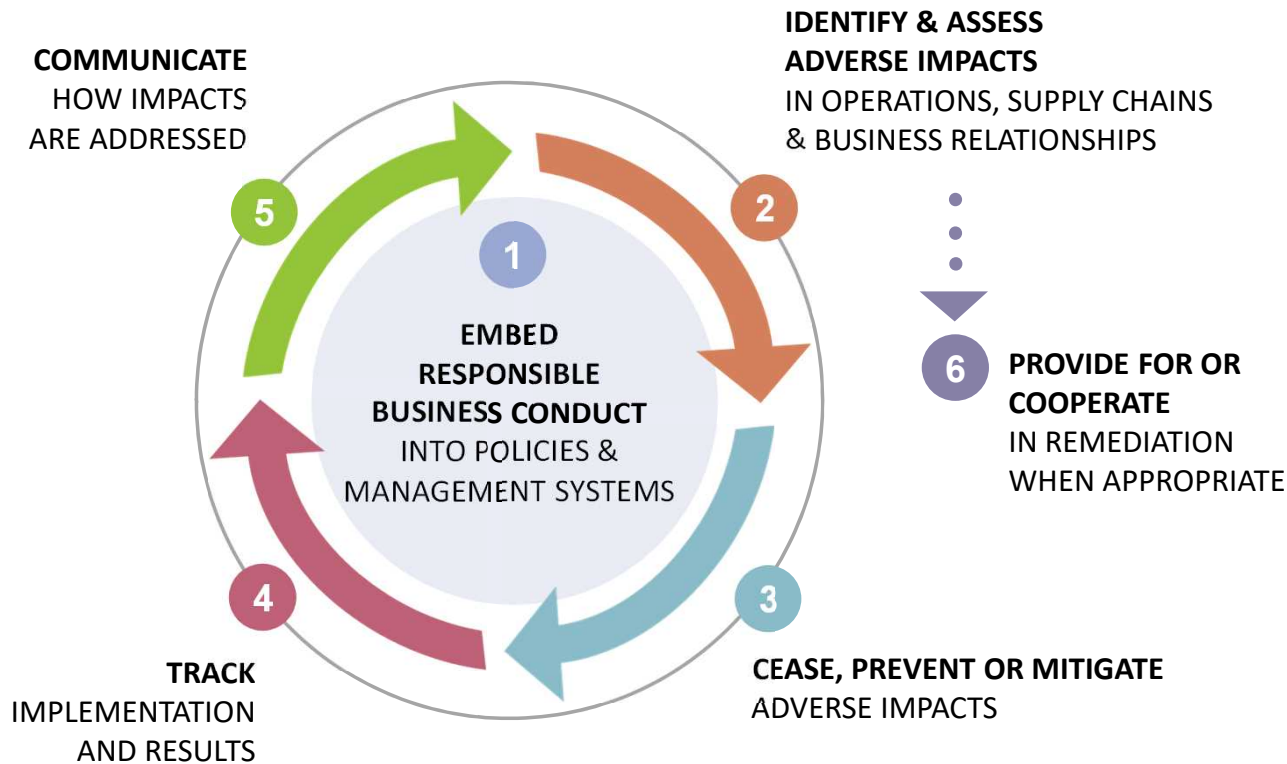
oe.cd/mneguidelines

OECD Guidelines For Multinational Enterprises on Responsible Business Conduct



Disclosure	Human Rights	Employment & Industrial Relations
Environment	Consumer Interests	Science, Technology and Innovation
Combating Bribery and Other Forms of Corruption	Taxation	Competition



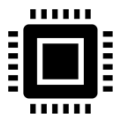


Responsible Business Conduct Due Diligence

Highlights



Recommendations for enterprises to align with internationally agreed goals on **climate change and biodiversity**



Introduction of due diligence expectations on the development, financing, sale, licensing, trade and use of **technology, including gathering and using data**



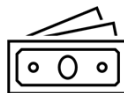
Recommendations on how enterprises are expected to conduct due diligence on impacts and business relationships related to the **use of their products and services**



Better protection for **at-risk persons and groups** including those who raise concerns regarding the conduct of businesses



Updated recommendations on **disclosure of responsible business conduct information**



Expanded due diligence recommendations to **all forms of corruption**



Recommendations for enterprises to ensure **lobbying activities** are consistent with the Guidelines



Strengthened procedures to ensure the visibility, effectiveness, and functional equivalence of **National Contact Points on Responsible Business Conduct**

What's new?

- Concept of a multinational enterprise
- Risk-based due diligence
- Meaningful consultation
- Responsible engagement and disengagement
- Business relationships
- Individual consumers
- Reprisals
- Lobbying activities
- Alignment of self-regulatory initiatives

What's new?

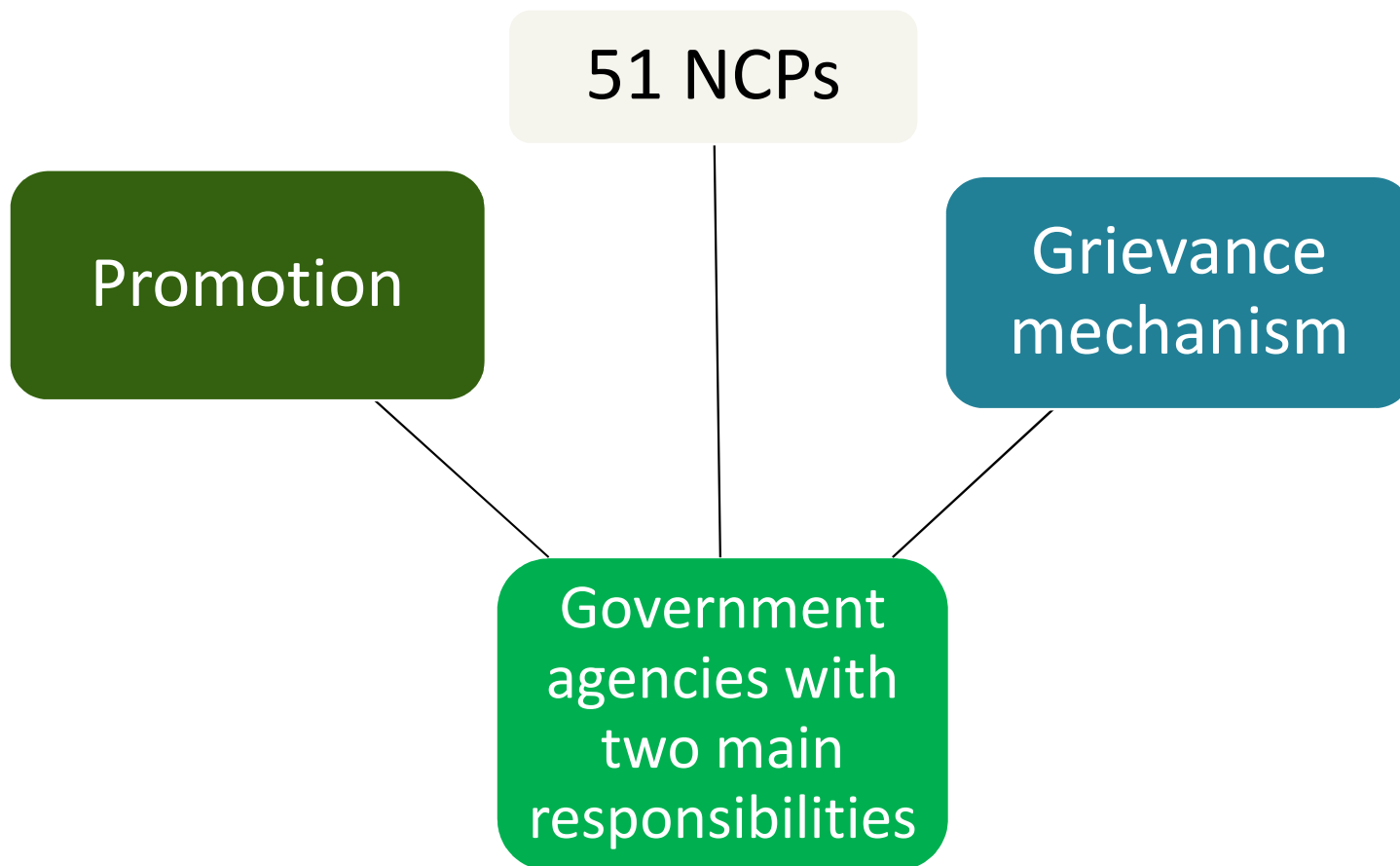
- Alignment with the G20/OECD Principles of Corporate Governance
- Corporate disclosure and reporting
- Alignment with due diligence reporting expectations
- Defining materiality

What's new?

- Adverse environmental impact and due diligence
- Climate mitigation and adaptation
- Biodiversity
- Circular economy
- Animal welfare

What's new?

- Included in due diligence expectation
- Sale, development, licensing, use of technology
- Data governance
- High-risk contexts
- Digital security



Effectiveness across the board ("functional equivalence")

- Definition of functional equivalence through the core effectiveness criteria
- Human and financial resources
- Stakeholder confidence
- Mechanism to address situation of non-functioning NCPs
- Mandatory periodic peer reviews

Mandate and authority

- Non-judicial grievance mechanism
 - Recommendations
 - Follow up
 - Views on observance of the Guidelines and good faith engagement
- NCP role in promoting the Guidelines
- Public policies to promote RBC

Specific instances

- Publication of case-handling procedures
- Coordination among NCPs in multi-country cases
- Initial assessment criteria
- Role of NCP in good offices
- Emphasis on transparency
- Addressing risks of reprisals



Promoting RBC in Japan and beyond



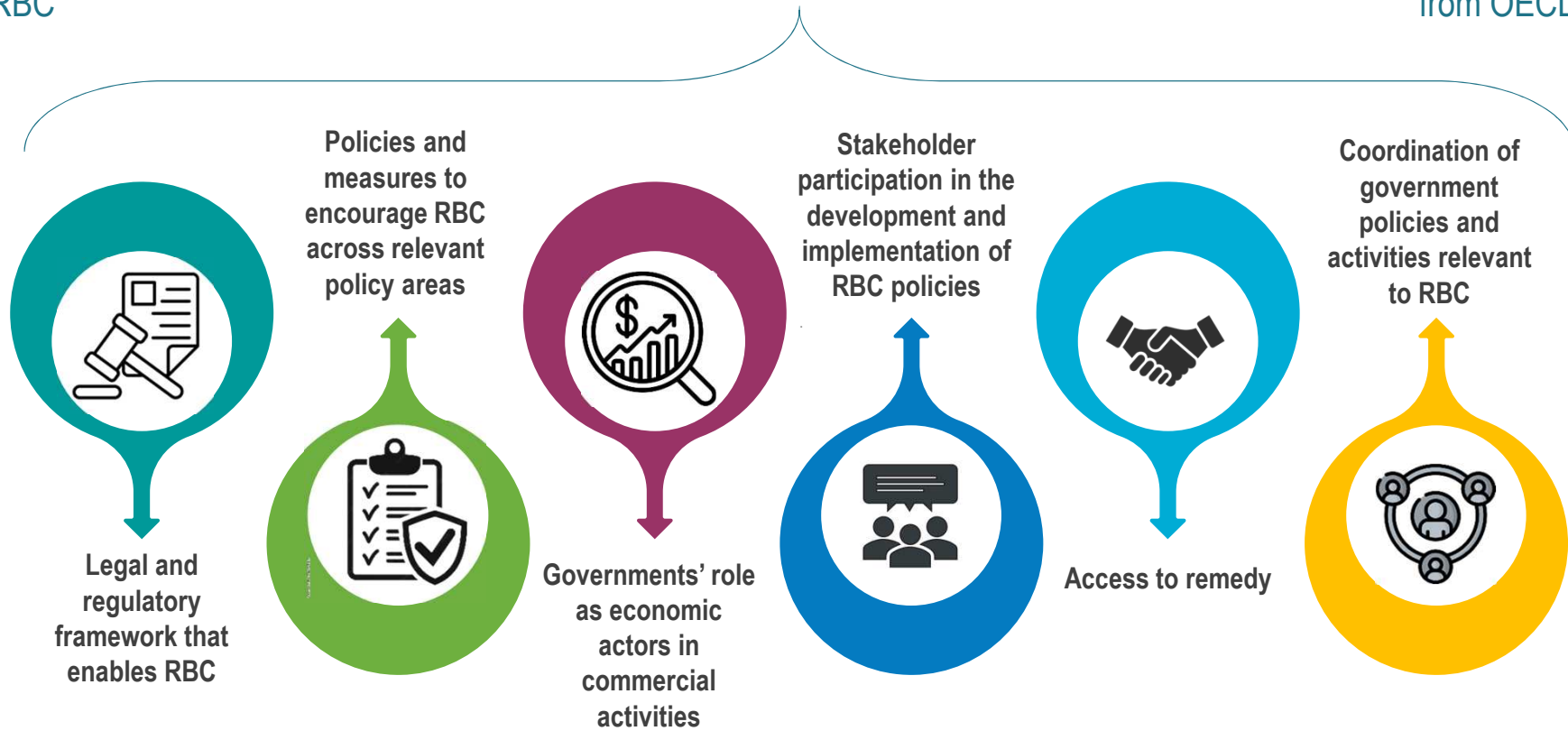
Growing partnerships in the Asia-Pacific – working with governments

Recommendation on the Role of Government in Promoting Responsible Business Conduct

Clarifies the role of Government in promoting RBC

21 guiding principles structured around 6 key areas

Brings together relevant provisions from OECD instruments





Growing partnerships in the Asia-Pacific – working with businesses and stakeholders



Toward building a level playing field & contributing to sustainable development

Instruments like the **OECD Guidelines for MNEs** and the **OECD Due Diligence Guidance for RBC** give companies a framework to **address the environmental, social, and governance challenges** during the Covid-19 crisis – both at present and in the future.

The OECD stands ready to support governments and businesses in this collective endeavour.



Masamichi Kono
Deputy Secretary-General, OECD

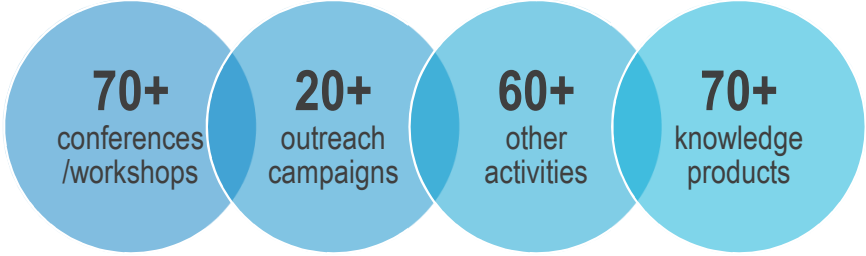


Did you know?

Asia had a key role in global supply chains.

43% of global value chains intermediate exports worldwide came from Asia, which account for 38% value chain intermediate imports globally in the same year.

2018-2022



Supporting policy makers

Boosting business capacity

THANK YOU!

<https://mneguidelines.oecd.org/>



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Business and Finance at the OECD

