

OECD Seminar on Responsible Business Conduct

Summary Report

December 13, 2018

Guangzhou, China

The OECD Seminar on Responsible Business Conduct took place in Guangzhou, China on December 13, 2018. Nearly one hundred national and international representatives from business, governments and research organizations attended the seminar and participated in discussions with the twenty speakers presenting on five main topics, including:

- International responsible business conduct (RBC) standards and relevance to China
- The role and impact of RBC on business and how best to integrate RBC standards into operations?
- The role of policy makers in creating an enabling environment for business
- OECD due diligence framework: what does a risk-based approach entail?
- A multi-stakeholder approach to RBC - working with international stakeholders

The Seminar was hosted by the Organisation for Economic Co-operation and Development (OECD) in co-operation with the China Federation of Industrial Economics (CFIE). As the supporting organisation, GoldenBee participated in the preparation and media promotion of the Seminar.

Opening and Welcome Remarks

In the context of economic globalisation, international co-operation proves decisive for enterprises facing business challenges. The common principles, guidelines and tools proposed by the OECD can be applied by enterprises in meet international expectations on responsible business conduct (RBC). RBC is linked closely with the policy support of governments. In China, it has gradually become a consensus that RBC contributes to the sustainable development of enterprises and the economy and the Chinese government and relevant laws and regulations have also provided guidance and regulation on RBC matters. The promotion of RBC requires the concerted involvement of the government, industry, and society to promote responsible procurement, investment, manufacturing, and consumption, and create a responsible industrial chain.

International RBC standards and relevance to China

International organisations and international policy standards play an important and strategic role in promoting RBC. The *OECD Guidelines for Multinational Enterprises* and related guidance provides a framework to guide enterprises' implementation of RBC. The International Labour Organization (ILO) which was also part of the Seminar, examines whether companies have achieved decent work from several aspects, including compliance with ILO conventions. Like the OECD, the ILO actively promotes

dialogue between enterprises and stakeholders and has released the ILO *MNE Declaration* as a guiding tool to promote enterprises' decent work. The ILO conventions are also included and referenced in the OECD standards and tools.

International organisations have played a positive role in the development of China's Corporate Social Responsibility (CSR) policies and standards. However, Chinese enterprises still face many challenges: different perspectives between enterprises and the public, uneven CSR disclosure levels, insufficient CSR management tools and methods, and immature industrial and social ecological environment to promote CSR. Despite these challenges, China's CSR is moving in the right direction- risk and compliance management is gradually being strengthened; high-level information disclosure has exerted a positive impact on corporate evaluation; and CSR focus shifts from brand-focused to problem-oriented directions. In the Internet era with more frequent interaction between all parties, business conduct will exert greater impact, which will encourage all parties to march forward in a more coordinated direction.

Panel Discussion: Responsible Business Conduct - why it matters and how to integrate standards into operations?

RBC serves enterprises in maintaining good operations. For enterprises under multiple pressures, RBC standards when applied effectively can protect them from risks and reduce negative impacts. Enterprises, especially multinational enterprises, may often encounter problems such as risks in supply chains, identifying and managing these risks and engaging effectively with local stakeholders in different countries. To help electronics and ICT enterprises integrate standards into business practices, Chinese Electronics Standardization Association (CESA) has established an international CSR standards cooperation network to promote interactions and mutual trust in ICT standards, case sharing, and mutual visits. The Responsible Business Alliance (RBA) assists its member companies in performing due diligence consistent with the OECD's standards and guidelines and other international guidelines such as the UN Guiding Principles for Business and Human Rights (UNGPs) and ILO conventions on labour.

When dealing with challenges, enterprises can adopt a variety of effective management methods to deal with issues such as risks in the supply chain. Taking Fuji Xerox as an example, responsible business conduct plays a decisive role in its business operations as part of its international supply chain. It is a must for Fuji Xerox to incorporate RBC into its supply chain so as to achieve joint development with suppliers. In the global business operation, COSCO integrates the domestic RBC management system with international operation rules, resulting in considerable momentum. It is found that the international RBC development has stepped into the pragmatic stage, putting higher requirements on overseas investment companies to attach more importance to the management of sustainable development. China Machinery Engineering Corporation is a leader in this regard. It implements full life cycle management and risk management for overseas engineering projects. RBC brings real benefits to enterprises, such as economic benefits, meeting customer requirements, staff retention and honors, which in turn encourages enterprises to implement RBC with a more positive attitude.

The role of policy makers in creating an enabling environment for business

Policy makers play a key role in creating an enabling environment for enterprises to conduct business in a responsible manner. The Chinese government (both central and local governments) is gradually developing and implementing monitoring measures, optimising regulatory models, and issuing relevant guidelines and standards to promote RBC in business and provide equal opportunities for large, medium and small enterprises. Stock exchanges create a good business environment by guiding listed enterprises to fulfill their RBC commitments. Meanwhile, the Chinese government is actively guiding enterprises to put more emphasis on fulfilling their responsible business conduct actions in overseas investment and markets. When conducting international business activities, enterprises should make good use of existing international business principles on RBC to reach consensus and find solutions in a more efficient way.

OECD due diligence framework on RBC: What does a risk-based approach entail?

The OECD has developed a supply chain due diligence framework and published the *OECD Due Diligence Guidance for Responsible Business Conduct*. It has also developed specific guidance documents for multiple industries in which enterprises can obtain information on risk management measures. The framework provides practical recommendations on how companies can implement RBC due diligence into their operations and supply chains to address risks to people, the planet and society.

The Responsible Business Alliance (RBA), composed of more than 140 members, is expanding its influence on RBC through its platform by developing codes of conduct, conducting corporate assessments, identifying corporate risks and providing solutions accordingly. All these tools help implement the *OECD Due Diligence Guidance for Responsible Business Conduct*. In terms of enterprises, they start from the perspective of supplier evaluation to introduce third-party evaluations, educate and train suppliers, and promote learning platforms among suppliers to share experiences.

Panel Discussion: Working with international stakeholders

Engaging meaningfully with stakeholders, especially those affected by RBC, is conducive to building and improving a due diligence management system and part of the OECD's recommended approach to effective due diligence. It is advisable for companies to pay attention to different voices of stakeholders, even the hidden voices (especially that of children and women). This way they can build bridges to earn mutual trust and promote dialogue, and make the voices of all parties heard and understood. The implementation of international principles like the OECD standards, guidelines or tools in emerging markets particularly requires an enabling environment for dialogue.

Empowering enterprises to encourage them to better understand and implement RBC and supply chain due diligence in line with the OECD, UN and ILO recommendations can help build a sustainable future for us all. It is the starting point and the foothold for co-operation with international stakeholders. In the future, stakeholders will carry their weight in promoting China's industry-university-research co-operation on CSR, solving issues related to the sustainable trade of the Belt and Road Initiative, and encouraging more Chinese enterprises to carry out and implement responsible business conduct.